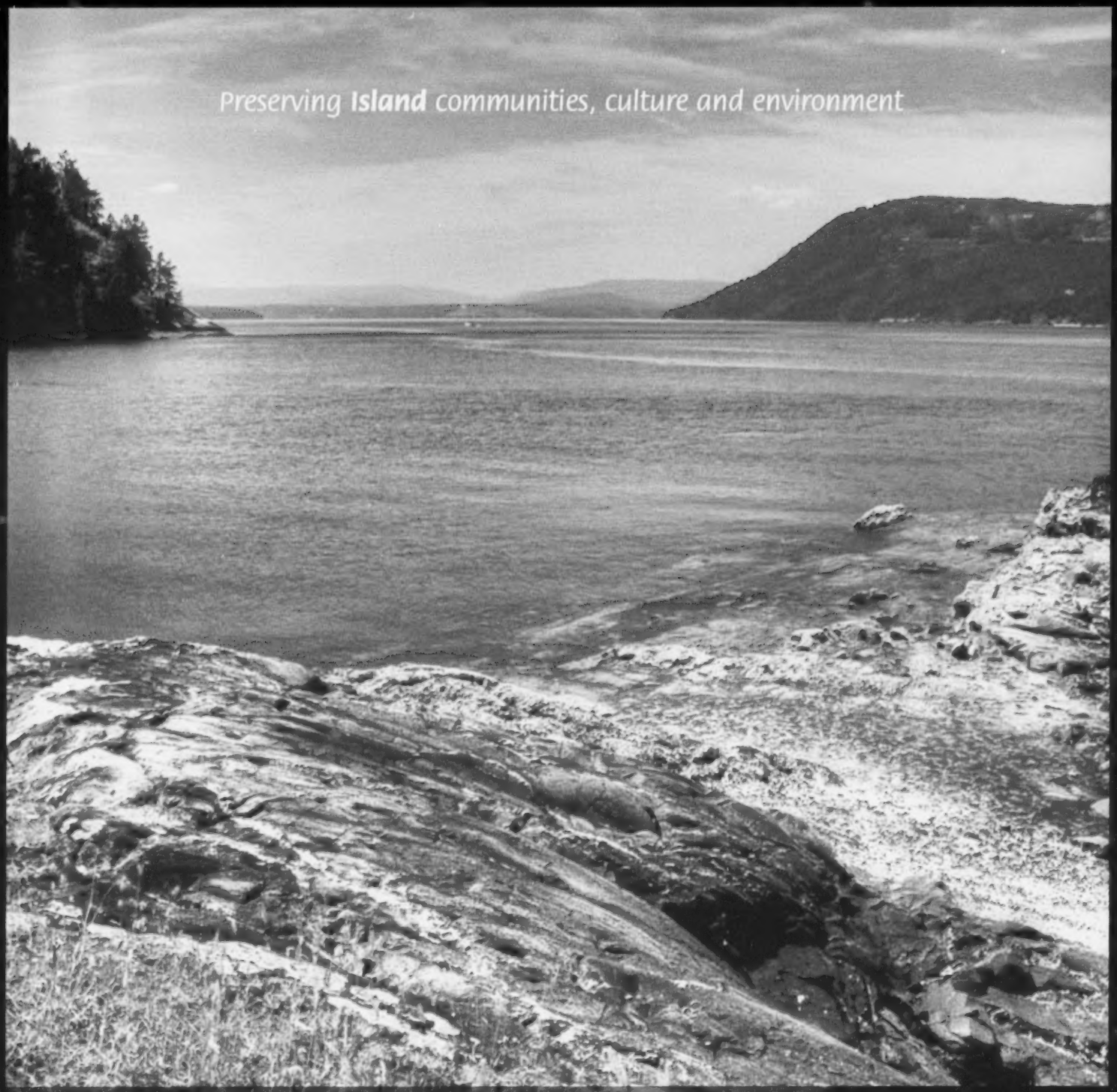

Islands Trust
Annual Report
2009-2010

Islands Trust Annual Report 2009–2010

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Message from the Islands Trust Council Chair

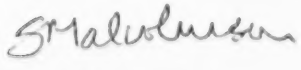
This has been an eventful year for the Islands Trust. In addition to our wide range of ongoing programs, Trust Council created a new community housing task force to develop a housing strategy for the Islands Trust Area. Affordable housing is one of Trust Council's strategic objectives for its 2008–2011 term of office. If we are to help maintain community diversity in the Islands Trust Area with a population of different ages and abilities we need a strategy for appropriate community housing. We want to improve the current and future ability of the Islands Trust to use land use planning tools, create innovative policies and work on key partnerships to consider affordable housing initiatives in the Trust Area.

This year we also launched a 'climate wise islands' program, which includes amending 19 Official Community Plans to identify green house gas reduction targets and strategies to meet those targets. Climate change is a global challenge that demands creative solutions at the local level. Because the Islands Trust's primary responsibility is land use planning, we are uniquely positioned to take leadership on reducing greenhouse gas emissions with land use planning tools. The province's Bill 27, the *Local Government (Green Communities) Statutes Amendment Act*, gives us a deadline of May 2010 to get this part of the job done. To provide information to island communities on this initiative, we produced a new publication "*Reducing Greenhouse Gas Emissions in the Islands Trust Area*", which will assist our local elected officials in meeting the Islands Trust's goal of sustainable and low-carbon communities through innovative land use planning.

The year 2009 was particularly significant as it marked the 35th anniversary of the Islands Trust. In 1974, legislation created the Islands Trust to preserve and protect the Trust Area—the only Canadian local or regional government with such a mandate. A number of local trustees celebrated the anniversary with island events throughout the year and in December the Islands Trust hosted a special event on Salt Spring Island during the Islands Trust Council quarterly meeting. We were delighted that almost 150 people joined us in celebrating our island communities, culture and environment while enjoying our fabulous local foods and gourmet cooking by our wonderful island chefs. The celebration showcased local foods from the islands and included a live auction of unique donated artwork from island artists throughout the Islands Trust Area. I would particularly like to thank our auctioneer for that evening—raconteur extraordinaire Arthur Black—as well as the staff who worked hard to make the evening such a success. Proceeds from the auction were donated to assist island conservancies in protecting fragile ecosystems on the Gulf Islands through the Islands Trust Fund's Opportunity Fund.

Another highlight at the December meeting was the presentation to Trust Council of a book on the history of the Islands Trust by Peter Lamb, former local trustee for Salt Spring Island.

Our mandate, created in 1974, is as valid today as it was 35 years ago and we will continue to work hard on behalf of islanders to preserve and protect this wonderful part of the world we live in.



Sheila Malcolmson
Chair, Islands Trust Council

Message from the Islands Trust Fund Board Chair

The islands we care for are a very special place. The Islands Trust Area holds 46 percent of British Columbia's globally significant Coastal Douglas-fir ecosystems. The region serves as a stronghold for the highest density of species at-risk in the province; more than 100 endangered species are nestled into these islands. The list of creatures hovering on the edge of survival here ranges from Edith's Checkerspot butterfly, to Sharp-tailed Snake, to the yellow montane violet.

The Trust Fund Board is concerned that the ecosystems we share the islands with are fragile and threatened, but we have reason to celebrate our ability to do something about it. Since 1990, the Islands Trust Fund has worked with local conservancies and community groups to preserve 19 nature reserves and sign 59 conservation covenants with private landowners. Since 2005 alone, the amount of land protected by the Trust Fund increased by 64 percent.

With each protected property, the Trust Fund Board makes a promise to island communities and our donors that we will protect these places forever. We are firmly committed to the long-term stability of the ecosystem values we protect today. In saying that, the Trust Fund Board is working to secure greater funds to protect the islands. In 2009–2010, the Board worked to build a strategic plan to diversify and stabilize our funding sources and create safeguards for the future maintenance of existing protected areas.

Strategic planning continues to be a theme as we move into 2010, with staff working to create a comprehensive conservation plan for the Trust Area—the 2011–2015 Regional Conservation Plan. With freshly updated mapping and statistics on the state of our ecosystems, the Board will update the plan with long-term goals and five year objectives that will carry the region into a new era of conservation.

I want our donors, supporters, partners and island communities to know the Board and staff are here for the long term and will continue to rise to the challenge of protecting the Trust Area. We will continue to support individuals and communities working to preserve special places throughout these remarkable islands.

Christine Torgrimson
Chair, Trust Fund Board

Message from the Chief Administrative Officer

The Islands Trust celebrated its 35th anniversary in 2009, and after working here for more than half of that time (19 years), it continues to be an honour to serve islanders as we work together to protect the unique amenities and environment of the Islands Trust Area. The Islands Trust is committed to being a good employer—one that attracts and retains engaged, well-trained and motivated staff. To that end, we have introduced a number of new initiatives, including our staff recognition program, on-going improvements to staff orientation, improvements in our occupational health and safety procedures, our training program, and more emphasis on performance planning and training for supervisors.

Staff Appointments

Regional Planning Managers

David Marlor was appointed to a temporary assignment as Regional Planning Manager for the southern region, which includes the Galiano, Mayne, Saturna, North and South Pender Island Local Trust Areas. Chris Jackson was appointed acting Regional Planning Manager northern region, which includes Denman, Gabriola, Gambier, Hornby, Lasqueti and Thetis Island Local Trust Areas. The acting appointments were originally scheduled to end April 30, 2010. Both Chris and David were confirmed in these positions with confirmation that Brodie Porter would be retiring in 2011.

Salt Spring Office

Claire Olivier accepted the office secretary position that she filled for the past year in an acting capacity. With her acceptance of the position, the office assistant position became available and Lisa Floritto accepted that position, which she had been filling in an acting capacity. Justine Starke will return to us in her new capacity as Planner 2 after her parental leave ends in 2011.

Northern Office

Patricia (Pat) Maloney MCIP joined the Northern Regional team in October 2009 as Gabriola Island Planner. Marnie Eggen was the successful candidate for the Islands Trust northern office's Planner 1 position following a competition.

Victoria Office

Kaitlin Kazmierowski joined the Islands Trust in August 2009 for a one year term as Planner 1, filling in for Alison Fox who took education leave to work on a Master's Degree in Agroecology at the Norwegian University of Life Sciences. In the mapping department, we have been lucky to have Blair Underhill complete two university co-op terms with us until August 2009 and that he continues providing some contract services.

Trust Area Services

Emily Keller filled the position of policy analyst for the Islands Trust from April to September 2009, while Clare Frater was on parental leave. We are delighted to have Clare fully engaged in the role since her return in September 2009. Shawn Black has been doing a great job filling in as the Manager of the Islands Trust Fund while Jennifer Eliason has been on parental leave and we look forward to Jennifer's return in April 2010. Nuala Murphy was the successful applicant for the Islands Trust Fund's new property management specialist position. Nuala will start the position after her parental leave and Jeff Ralph will fill in until then. Natalie Tamosiunas has been appointed as the permanent Islands Trust Fund secretary. Natalie won the competition after being the acting secretary since March, filling in during Nuala Murphy's maternity leave.

At the December 2009 meeting of Trust Council, the third annual recognition awards were presented to the following staff:

- Exceptional Team Effort – Kaitlin Kazmierowski, Kate Emmings, Alison Fox for their work on the Sensitive Ecosystem Mapping Project.
- Exceptional Team Effort Honourable Mention – Kaitlin Kazmierowski, Robert Kojima, Emily Keller for their work on Greenhouse Gas Emissions Reduction.
- Service Excellence Award – Terry Hays for her customer service, courtesy, cooperation and dependability.
- Excellence in Leadership Award – Craig Elder for his commitment to excellence as well as his dedication to the organization and its employees and to Leah Hartley for her great efforts to provide leadership, guidance and mentoring to the Salt Spring Island team.
- Excellence in Leadership Award Honourable Mentions

  Leah Hartley, Chris Jackson and David Marlor for their leadership during a time of transition and adapting to new and changing responsibilities.

  Laura Stringer for leading the visitor information poster project.
- Unsung Hero – Nicole Ranger for willingness and enthusiasm in taking on those tasks that no one else wants to do.
- Innovation Award – David Beeston for his tireless work in the background keeping the Islands Trust's information systems operating smoothly.

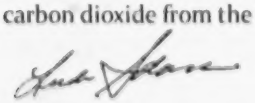
Islands Trust Offices and Meetings Going Greener

The Islands Trust Victoria office has lost 314 pounds! That's what almost 33,000 pages of paper weighs and that's the amount of paper (blank on one side) that has been sent over the last three years to City Green, a non-profit group which uses the blank side. It's one of several efforts underway to be consistent with the Islands Trust philosophy of preserving and protecting.

While the Islands Trust has always recycled paper and cardboard, in 2009 we took it a step further. We now recycle organic waste, including food, food paper as well as glass, metal, hard plastics and plastic film. We've also stopped using disposable dishes and cutlery. In 2009 we collected and kept out of the landfill the following products.

- Mixed paper – 1,010 kg
- Organic waste – 390 kg
- Plastic bags & film – 90 kg
- Cardboard – 50 kg
- Blue box (cans, hard plastic, etc.) – 20 kg

Staff are also encouraged to walk, bike or bus to work in an effort to reduce greenhouse gas emissions and mitigate climate change. May 11 to 15, 2009 was Bike to Work Week, an annual event that encourages commuters to leave the cars at home and use an alternative transportation method to get to the office. In 2009 the Northern (Gabriola), Salt Spring and Victoria offices participated. Salt Spring had more than 85% of its office staff commuting either by bike, foot, bus, or carpool (overall goal to green the commute). The Northern and Victoria Offices trailed closely behind with 80% and 79% respectively. In the biking category, 23 Islands Trust cyclists locked up in front of the offices, logging more than 500 km and saving more than 125 kg of carbon dioxide from the atmosphere.



Linda Adams
Chief Administrative Officer

The Islands Trust Area

The Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of approximately 25,000.

Located in the Strait of Georgia and Howe Sound, the Trust Area is a unique and special place—a scenic archipelago of 13 large islands and more than 450 smaller islands and islets. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds and numerous species of fish and other marine and inter-tidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages, all of which contribute to the beauty, appeal and tranquility of this area.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation in 1974 entitled the *Islands Trust Act*. The *Act* states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".

Organization and Responsibilities

The Trust is a unique federation of independent local governments, including the Bowen Island Municipality, which plan land use and regulate development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For the Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, thirteen local trust committees and Trust Fund Board. The Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the *Islands Trust Act*.

The Islands Trust Council

The twenty-six member Trust Council establishes general policies for carrying out the object of the Islands Trust. The Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement a Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community, Sport and Cultural Development must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the Province and its agencies.

Trust Council has three standing committees of trustees—the Local Planning Committee, Trust Programs Committee and Financial Planning Committee—which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Minutes of all Trust Council meetings, including resolutions, are on-line at www.islandstrust.bc.ca/tc/minutes.cfm.

Executive Committee

The Executive Committee comprises the Chair of the Islands Trust Council and three Vice-Chairs, all of whom are elected for a three-year term by Trust Council from among its members. The Executive Committee carries out the daily business of the Islands Trust and reviews the bylaws of local trust committees to ensure compliance with the Islands Trust object and the Policy Statement. The Executive Committee also acts as a local trust committee for a

particular part of the Trust Area that is not included in any of the local trust areas or the island municipality.

Executive Committee Members 2009–2010
Sheila Malcolmson, Chair, Gabriola Island
Louise Bell, Vice-Chair, Denman Island
Peter Luckham Vice-Chair, Thetis Island
Gary Steeves Vice-Chair, North Pender Island

Local Trust Committees / Island Municipality

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act*, except for Bowen Island, which is an island municipality.

Each local trust committee has three members—two locally elected trustees and one Executive Committee member who serves as Chair. A local trust committee is responsible for land use planning and regulation for its area of jurisdiction. The responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the *Local Government Act*.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. Two of the councilors are elected by the community to serve as Municipal Trustees on Trust Council.

The *Islands Trust Act* requires local trust committees to submit all bylaws to the Executive Committee for approval before they can be adopted. Island municipalities must submit an Official Community Plan to the Executive Committee for approval before adoption. Any island municipality bylaw that refers to matters included in the Islands Trust Policy Statement also requires Executive Committee approval. The *Islands Trust Act* and municipal letters patent establish the necessary procedures, should the Executive Committee find a bylaw at variance or contrary to the Policy Statement.

Trustees of the Islands Trust 2009–2010

Bowen
Alison Morse, Nerys Poole

Denman
Louise Bell, David Graham

Gabriola
Deborah Ferens, Sheila Malcolmson

Galiano
Louise Decario, Sandy Pottle

Gambier
Joyce Clegg, Jan Hagedorn

Hornby
Fred Hunt, Tony Law

Lasqueti
Jen Gobby, Susan Ann Morrison

Mayne
Jeanine Dodds, Colin Shew

North Pender
Derek Masselink, Gary Steeves

Salt Spring
George Ehring, Christine Torgrimson

Saturna
John Money, Beverley Neff

South Pender
David Greer, Wendy Scholefield

Thetis
Sue French, Peter Luckham

Trust Fund Board

The Trust Fund Board consists of up to six members. Two members are elected Islands Trust trustees who are selected by Trust Council, one member is from Executive Committee and up to three members are appointed by the Minister of Community, Sport and Cultural Development for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, receives donations of land, conservation covenants and cash to help preserve places of natural significance or cultural value within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

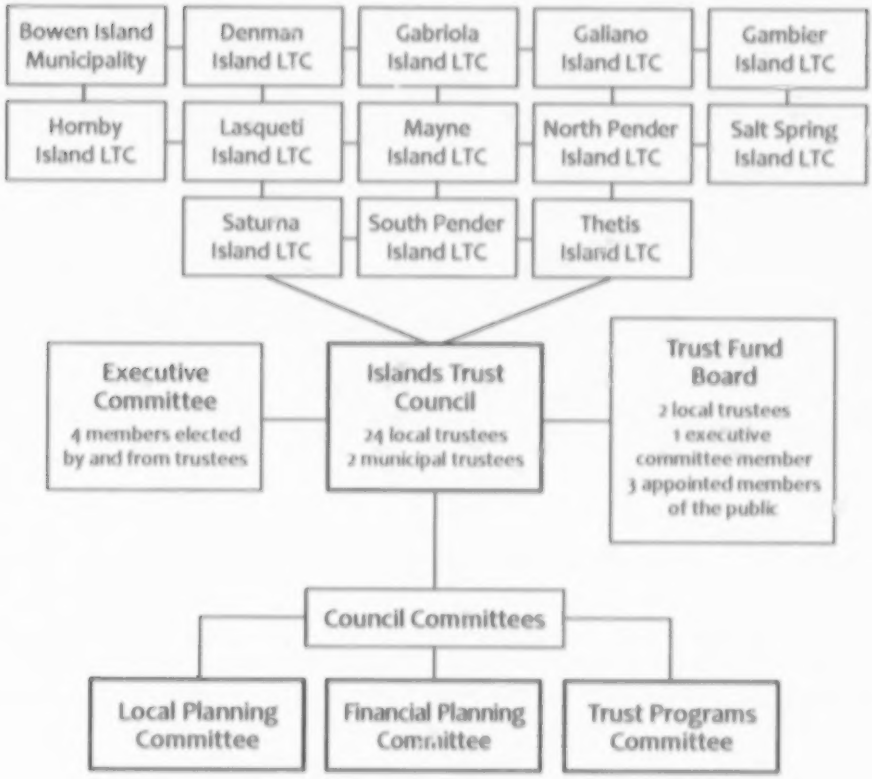
Every five years, the Trust Fund Board prepares a Trust Fund Plan for approval by the Minister of Community, Sport and Cultural Development. The plan establishes policies regarding the operations of the Islands Trust Fund. The Trust Fund Board also relies on a five-year Regional Conservation Plan to guide its policy and operations when receiving conservation proposals, applying for Free Crown Grants, determining its annual work program and measuring its success in protecting natural places. The Trust Fund Board reviews the Regional Conservation Plan annually as part of an adaptive management process and is starting to draft the 2011–2015 Regional Conservation Plan this year.

Trust Fund Board Members

Christine Torgrimson, Chair (January 2008 – present)
Louise Bell, Denman Island (December 2008 – present)
Nerys Poole, Bowen Island (December 2008 – present)
Bruce Whittington, Ladysmith (Appointed Member, January 2005 – August 2009)
Michael Dunn, Mayne Island (Appointed Member, January 2008 – present)
Robert Grant, Vancouver and Denman Island (Appointed Member, July 2009 – present)

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Annual Report 2009-2010

Accomplishments

Strategic Plan for the 2008–2011 Term

Trust Council uses a strategic plan to set priorities and goals for each term. A strategic plan was adopted in September 2009 and updated March 24, 2010 to align Council's strategic priorities with its budget. As of March 2010 the goals for this term are:

Goal 1 Ecosystem Preservation and Protection

We can create a legacy for the future by preserving and protecting the most significant parts of our natural environment.

- We will identify and protect our most significant riparian areas.
- We will improve the identification and protection of island biodiversity, as well as our most sensitive environments, and significant natural areas.
- We will work to reduce greenhouse gas emissions, both by managing our internal operations and by fostering energy-efficient communities in our land use decisions.

Goal 2 Stewardship of Island Resources

We will work to steward island resources, and to ensure that the scale, rate and type of development is compatible with the maintenance of island ecosystems.

- We will use land use planning tools to address the sustainability and quality of freshwater resources.
- We will support initiatives to achieve reliable, adequate and sustainable funding for the Trust Fund Board, our conservation land trust.
- We will take steps to advance good management of coastal areas, by encouraging landowner stewardship and by considering new planning tools.

Goal 3 Sustain Island Character and Healthy Communities

We recognize that the health of our communities is improved if our islands are safe and secure, if there is strong public involvement in decision-making, and if we accommodate people of differing age groups and income levels.

- We will work to support and restore socio-economic diversity with strategies for affordable, accessible and appropriate community housing.
- We will work to understand and minimize the negative effects that climate change could have on island communities.
- We will cultivate community engagement and participation in land use planning.

Goal 4 Organizational Effectiveness

Our island communities need effective and efficient government services.

- We will continue our work to provide services on an increasingly cost-effective basis.
- We will encourage recognition and support of the Islands Trust object by our communities and by other agencies and levels of government.

Trust Council's work flows from this strategic plan. A copy of the complete plan is available on the Islands Trust web site at: www.islandstrust.bc.ca/tc/pdf/tcstrategicagenda2008–2011.pdf

Public Input Always Welcome

The Islands Trust Council meets quarterly and members of the public are welcome to attend. Community members can make a delegation to the Council or participate in a town hall session, which is a forum held regularly for islanders to speak directly on topics relevant to the whole federation. Fifteen delegations made presentations to the Islands Trust Council in 2009–2010.

Regular meetings of local trust committees are also open to the public, with opportunities to speak as delegates or at town hall sessions. In addition, many residents and property owners become directly involved by becoming members of advisory committees and commissions.

Information on ongoing activities is available from notice boards on most of the islands, in island newspapers and newsletters, from the local trustees and Islands Trust staff and through the Islands Trust electronic newsletter. Those interested may also subscribe to the Islands Trust electronic news service and visit the Islands Trust website at www.islandstrust.bc.ca.

1. Executive Committee

The Executive Committee has a variety of responsibilities. In addition to the responsibilities of individual members serving as chair of local trust committees, the committee advocates for Trust Council, plans and promotes communications for the Islands Trust, liaises with the provincial government and conducts other functions as directed by Trust Council.

Executive Committee Advocacy

In response to concerns raised by communities through their elected trustees, Trust Council authorized the Executive Committee to promote the interests of the Trust Area in the following topics below. The full text of all advocacy letters are on-line at www.islandstrust.bc.ca/news/chaircorrespondence.cfm

Support for a Southern Routes Strategy for BC Ferries

In 2009 both the Association of Vancouver Island Coastal Communities and the Union of British Columbia Municipalities endorsed the following motion proposed by Islands Trust:

> *WHEREAS the transportation services provided by BC Ferries on minor routes along the south coast are as essential for ferry-dependent communities as the provincial road network is for other communities, and are an integral element of provincial tourism goals, yet have been subject to fare increases of as much as 120% over the last five years; AND WHEREAS the British Columbia Ferry Advisory Committee Chairs have, through extensive research and analysis, proposed a minor routes strategy that supports the sustainability of island economies and the coastal ferry service; THEREFORE BE IT RESOLVED THAT the Union of BC Municipalities request that the British Columbia Ministry of Transportation and Infrastructure work with coastal communities and BC Ferries to develop a strategy for the minor southern coastal ferry routes, as proposed by the Ferry Advisory Committee Chairs.*

Responding to BC Ferries Allegations

In December 2009, the Islands Trust Council Chair Sheila Malcolmson wrote a letter to the editors of the Victoria Times Colonist, the Gabriola Island Flying Shingle and the Nanaimo Daily News in response to articles quoting a BC Ferries senior manager blaming the Islands Trust for high ferry fares and the loss of ridership. Chair Malcolmson cited statistics that island populations have almost tripled since the Islands Trust was created and drew similarities about traffic patterns in all coastal communities—many of which are not in the Islands Trust jurisdiction.

BC Ferries Governance Review

In February 2010, Chair Malcolmson wrote to the Honourable Gordon Campbell, Premier of British Columbia, and the Honourable Shirley Bond, Minister of Transportation and Infrastructure seeking assurances that Islands Trust, island communities and the Ferry Advisory Committee Chairs will be consulted as stakeholders during the governance review. The letter also asked that the scope of the review be expanded to include the recommendations made to Minister Falcon by the Ferry Advisory Committee Chairs in their *Towards a Minor Routes Strategy for Coastal Ferry Service* 2008 discussion paper. These recommendations suggest that the transportation fee provided to BC Ferries by the Province should be increased as part of a strategy to sustain the ferry system on a sound financial footing. This would enable BC Ferries to provide reasonably priced ferry service to ferry-dependent coastal communities, thereby supporting the social and economic well-being of those communities.

Support for the LiveSmart BC Efficiency Incentive Program

In August 26, 2009 Chair Malcolmson wrote to the Honourable Gordon Campbell, Premier of British Columbia with regard to the closure of the LiveSmart BC Efficiency Incentive Program to new participants.

The letter encouraged the Premier to revitalize and reinstate the LiveSmart BC Efficiency Incentive Program to help communities meet greenhouse gas reduction targets required by Bill 27.

Support for Air Quality

In late March 2010 Chair Malcolmson wrote to the Honourable Gordon Campbell, Premier of British Columbia, the Honourable John Yap, Minister of State for Climate Action and the Honourable Blair Lekstrom, Minister of Energy, Mines and Petroleum Resources regarding the Proposed Raven Underground Coal Mine (Compliance Coal Corp).

The letter relayed Trust Council's resolution opposing the proposed Raven Underground Coal Project in the Comox Valley, adjacent to the Islands Trust Area.

Support for Safe Island Communities

In January 26, 2010 Chair Malcolmson wrote to Attorney General Michael de Jong, QC regarding policing in the Islands Trust Area. The letter relayed concerns from residents about policing levels on island communities, and asked that the province's contract negotiations with the RCMP take into account the difficulty of access to Gulf Islands communities when an urgent police response is needed, particularly in inclement weather.

Support for Protecting Crown Lands

In November, 2009 Chair Malcolmson wrote to the Honourable Pat Bell, provincial Minister of Forests and Range to confirm the minister's assurances, made during the 2009 UBCM convention, that the Crown Lands in the Trust Area may be considered for exemption from a Commercial Forest Reserve, if such a designation is pursued in BC. Chair Malcolmson wrote to commend the

minister on his recognition of the special status of the Crown lands within the Islands Trust Area and his understanding of the Islands Trust's provincial mandate to preserve and protect unique ecosystems such as the Coastal Douglas-fir forest in the Islands Trust Area. Chair Malcolmson also asked for confirmation that there would be an opportunity for further public input before the province finalized a Commercial Forest Reserve policy and to request that the Islands Trust would be included in that process.

Support for the Marine Environment

Shipping Safety

In late 2009, the Hebei Lion cargo ship dragged anchor and ran aground in Plumper Sound. Chair Malcolmson wrote in January 2010 to the Honourable John Baird, Federal Minister of Transport, Infrastructure and Communities seeking improved freighter safety in Plumper Sound. The letter asks the Minister to respond with options for changing the regulatory framework to better protect such specially designated areas. Islands Trust staff continue to work with industry and regulatory agencies to seek improvements to the management of this anchorage.

Staffing Lighthouses

In October 2009, Chair Malcolmson wrote to the federal Minister of Fisheries and Oceans, the Honourable Gail Shea, on behalf of the Islands Trust Council to convey concern about potential de-staffing of light stations by the Canadian Coast Guard. Trust Council continues to advocate on this issue in order to protect public safety and to prevent environmental disasters such as oil spills.

Abandoned Marine Vessels

Chair Malcolmson wrote to the Honourable John Baird, federal Minister of Transport, Infrastructure and Communities on September 14 2009 regarding an abandoned barge on Kuper Island. The letter asked for quick action while it is still possible to re-float the barge and before the winter storms create a bigger clean up issue. This type of situation arises regularly up and down the coast, not only with barges but tugs, fishing vessels and pleasure boats.

Subsequently, the derelict barge was removed by the provincial government, following a joint effort by the Islands Trust, the Penelakut First Nation, which is located on the island, and the Province.

No Discharge Zones – Sewage Pollution Prevention in the Trust Area

In September 2009, staff provided a briefing to Trust Council on the status of federal and provincial regulation of vessel discharge and how Trust Council, local trust committees and island municipalities might go about having marine no discharge zones established within the Trust Area. Trust unanimously approved the following resolution:

That the Islands Trust Council:

- *Recommend that Local Trust Committees consider adding a policy to their Official Community Plans requiring all marinas applying for rezoning or a development permit to provide pump out facilities;*

- *Recommend that Local Trust Committees consider adding an advocacy policy to their Official Community Plans encouraging neighbouring local governments to require that marinas servicing vessels traveling within the Trust Area install pump-out facilities when applying for rezoning on a development permit; and*

• Request the Executive Committee write to Transport Canada requesting amendments to the current legislation to prohibit boats traveling in narrow channels from discharging raw sewage less than three nautical miles from shore and developing a plan for enough pump-out stations in the Trust Area that sewage discharge would be prohibited or alternatively establish the Trust Area as a no discharge zone.

Provincial Liaison

The Executive Committee continued to liaise with the Province regarding various aspects of the Islands Trust mandate, for example:

- A meeting with the Deputy Minister, Ministry of Community, Sport and Cultural Development regarding issues related to the *Private Managed Forest Land Act*;
- A meeting with the Honourable Bill Bennett, Minster of Community and Rural Development, to introduce the Islands Trust and discuss current topics, including legislative requests and upcoming bylaw approval requests.

Other Executive Committee Highlights

San Juan County

The Islands Trust Council hosted an annual meeting in June 2009 on North Pender Island with the elected Council of San Juan County, WA, to discuss issues of mutual concern to their island communities, such as climate change, affordable housing and sewage pump out stations. The two governments represent the interests of more than 642 islands within Howe Sound, Georgia Basin and Puget Sound.

There was also a presentation on the San Juan Initiative, a collaborative partnership of citizens, community leaders, non-profit organizations and local, state and federal governments. The goal of this initiative is to improve ecosystem protection in San Juan County that supports the prosperity of the community, builds local capacity for ecosystem protection, and serves as a pilot for the rest of Puget Sound.

The two agencies are party to a transboundary agreement that focuses on identifying current and emerging transboundary issues; sharing information; undertaking research and policy development projects; promoting communications and public education; and supporting cooperative initiatives with other organizations, government agencies and the private sector.

Islands Trust and the Union of British Columbia Municipalities Annual Convention

Chair Sheila Malcolmson (Gabriola Island) and Vice-Chairs Louise Bell (Denman Island), Peter Luckham (Thetis Island) and Gary Steeves (North Pender Island) represented the Islands Trust Council at the annual convention of the Union of BC Municipalities (UBCM) in Vancouver, September 28–October 2, 2009. Bowen Island Municipal Trustee Alison Morse attended the convention on behalf of Bowen Island Municipal Council and Chief Administrative Officer Linda Adams also participated.

The annual UBCM convention allows Islands Trust representatives to share ideas with MLAs and Electoral Directors, participate in debate on resolutions to be forwarded to the provincial government and attend a variety of workshops. The Executive Committee met with the following Trust Area MLAs and Electoral Area Directors during the convention:

MLAs
Don McRae (Lib) – Comox Valley
Nicholas Simons (NDP) – Powell River Sunshine Coast
Murray Coell (Lib) – Saanich North and the Islands

Electoral Area Directors
Bruce Jolliffe – Comox Valley Regional District Area A (Hornby and Denman Local Trust Areas)
Mel Dorey – Cowichan Valley Regional District Area G (Thetis Local Trust Area)
Garry Nohr – Sunshine Coast Regional District Area B (Gambier Local Trust Area)
Lee Turnbull – Sunshine Coast Regional District Area F (Gambier Local Trust Area)
Merrick Anderson – Powell River Regional District Area E (Lasqueti Local Trust Area)
Garth Hendren – Capital Regional District (Salt Spring Local Trust Area)

Trustees and staff also attended workshops on a wide range of topics including:

- Aboriginal Recognition and Reconciliation
- Living Water Smart – Modernizing our Bylaws
- BC's Champions in Climate Change Preparation
- Farmland and Futures: Local Government Toolkit for Agriculture
- Rural Development

Trust Council Presentations

As part of Trust Council's plan for continuous learning, the Executive Committee arranged the following presentations during Trust Council quarterly meetings:

- by the BC Farm Industry Review Board to provide trustees with an introduction to the role of the board;
- by the Capital Regional District to show trustees a series of visitor education videos; and,
- by the Trust Fund Board on governance, jurisdiction and successes.

At its September 2009 meeting, Trust Council also received a presentation by staff and guest speakers about Reducing Greenhouse Gas Emissions. Trustees were provided with options for complying with Bill 27—BC's legislation to reduce greenhouse gas (GHG) emissions at the local government level. Presentations included:

- Climate Change by Fisheries Biologist Howard Stiff;
- GHG Commitments + Legislation by CAO Linda Adams;
- Key Players in GHG Reduction by Sarah Webb, Capital Regional District Climate Change Coordinator and Elizabeth White, Earth Festival Society; and,
- GHG Target Setting and Policies and Actions by Policy Analyst Emily Keller and Island Planner Robert Kojima.

Formal Complaints Received

Islands Trust policy requires the reporting of any administrative fairness complaints received each year. There were two complaints in 2009–2010 regarding trustee and staff practices during processing of applications and during OCP consultation. All issues were investigated and addressed and complainants were advised of the outcome.

2. Trust Area Services Highlights

Communications

Islands Trust Celebrates 35th Anniversary

2009 marked the 35th anniversary of the Islands Trust since the *Islands Trust Act* passed in 1974. Throughout the year a variety of local celebrations occurred ranging from cake with islanders at Local Trust Committee meetings to articles about the history of the Islands Trust in island newspapers and newsletters. A display on the history of the Islands Trust was also created for the event and for future use whenever the story needs re-telling.

The Islands Trust hosted a major 35th anniversary event on Salt Spring Island during the Islands Trust Council quarterly meeting in December. Almost 150 people bought tickets for the December 9 celebration which showcased local foods prepared by island chefs. The gourmet dinner was followed by an island-themed desserts bar and a lively auction by Arthur Black, who raised selling many generous donations from islanders. The $6,400 proceeds from the dinner, deserts and auction went to the Islands Trust Fund's Opportunity Fund to assist island conservancies in protecting fragile ecosystems on the Howe Sound and Gulf Islands.

News Releases

The Islands Trust and Trust Fund issued 31 news releases in 2009–2010 on a wide range of subjects, including public input on governance options, bylaw enforcement, public input on the annual budget, quarterly Islands Trust Council meetings and agendas, Community Stewardship Awards, land conservation activities, Official Community Plans and staff appointments. Islands Trust news releases are distributed to national, provincial and local media, other elected officials, and other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

E-News

Four issues of the Islands Trust electronic newsletter, with more than 1000 subscribers, were distributed during 2009–2010. The newsletter is designed for everyone interested in the activities of the Islands Trust. To subscribe, please visit www.islandstrust.bc.ca/subscribe/default.cfm.

Electronic Subscribers

More than 5000 subscribers automatically receive a variety of communications materials available from the Islands Trust. These include Chair correspondence, Latest News Updates, the quarterly electronic newsletter E-News, news releases, elections updates, meeting notifications and new publication notices. If you would like to subscribe, go to: www.islandstrust.bc.ca/subscribe/default.cfm.

Islands Trust Visitor Posters and Rack Cards

Trustees had been hearing from residents that visitors need to know about the unique nature of this area, particularly water and habitat conservation. Staff responded by getting a grant from the Union of British Columbia Municipalities to produce posters that would encourage sustainable tourism. Staff consulted stakeholders for their ideas on the best messages to convey.

The project also provided an ideal opportunity to promote the rich artistic culture of the region by showcasing island artwork in the poster design. Part of the budget went towards a poster art competition and an Islands Trust panel of judges chose from among 30 submissions

the work of three artists: Dawn Stofer of Denman Island, Debbie Bowles of Mayne Island and Darlene Olesko of Lasqueti Island.

In early July 2009, three distinct posters became available for businesses and residents in two sizes: 8.5 x 11 inches and 11 x 17 inches. In addition, the Islands Trust reproduced the posters as rack cards in response to suggestions from islanders who participated in an evaluation of the project. The posters and rack cards can be seen on-line at: www.islandstrust.bc.ca/VisitorInformationPoster.cfm. To order copies of the posters and/or rack cards, contact the Islands Trust office on Gabriola Island, Salt Spring Island or Victoria or your local trustee.

3. Local Planning Services Highlights

'Climate Wise Islands' Program Launched

In October 2009, the Islands Trust took another step towards its long-standing goal of reducing greenhouse gas (GHG) as island communities committed to amend their Official Community Plans by May 2010. The program involved engaging islanders in discussions as they identify GHG emission reduction policies, targets and actions to meet those targets. The work was formally launched in September when Trust Council held a climate change workshop and adopted a Strategic Plan that included GHG emission reduction as a major objective during its 2008–2011 term. Council also passed a resolution asking each Local Trust Committee as well as Bowen Island Municipality to give high priority to the work. Funds had already been approved in the 2009–2010 budget to support this work, one of the more significant projects undertaken by the Islands Trust.

The Islands Trust has committed to addressing climate change through land use planning, advocacy initiatives, and partnerships with other levels of government and local community groups. Land use and development patterns are critical in reducing GHG emissions. The province's Bill 27, the *Local Government (Green Communities) Statutes Amendment Act*, imposed a deadline of May 2010 to enshrine new goals in all Official Community Plans.

The initiative further supports the BC Climate Action Charter, which the Islands Trust endorsed in 2007, joining 175 other BC local governments in a collective commitment to:

- Move to carbon neutral operations for the organization;
- Measure and report community greenhouse gas emissions; and
- Promote sustainable, energy efficient communities.

To provide information to island communities on this initiative, the Islands Trust produced a new publication—*Reducing Greenhouse Gas Emissions in the Islands Trust Area.* The document was also intended to assist our local elected officials in meeting the Islands Trust's goal of sustainable and low-carbon communities through innovative land use planning.

Detailed information on this initiative is available on a new climate change section of the Islands Trust website at www.islandstrust.bc.ca/climatechange/climatehome.cfm. The webpage includes key decisions and other resources about climate change relevant to island communities. Subscribers to "climate change news" can receive e-mail alerts of significant project updates.

Food Security Project Launched

In March 2010, the Islands Trust launched a project to address the issue of food security in the Islands Trust Area.

Food security is about more than having enough to eat. It is also about supporting local farmers, protecting farmland and the environment, reducing our carbon footprint and strengthening our local economies and communities. Improving food security builds

community resilience on many levels. The Islands Trust can support food security by creating policies that deliberately link land-use planning with community development, ecological conservation and socio-economic sustainability.

Island communities are particularly vulnerable to food supply issues resulting from natural disasters, climate change and the rising cost of transporting food from off island. These risks are compounded by the fact that fewer people are farming because land is expensive, operating costs are high, water can be scarce and there may be a lack of affordable housing for farm workers.

During the coming year Islands Trust staff will be researching food security issues and making an inventory of initiatives in island communities for local trust committees and to share with the general public. The results of this research are expected to be presented to the Islands Trust Council in September 2010 at its quarterly council meeting on Bowen Island. This public presentation will identify food security challenges and opportunities in the Islands Trust Area and identify steps that Local Trust Committees and Bowen Island Municipality can take to improve local food security.

A new Islands Trust web page already provides information on food security, contacts for island organizations involved in the issue, funding opportunities for food security projects, and links to upcoming courses, workshops and events. The page can be accessed from a link on the Islands Trust homepage or by going directly to: www.islandstrust.bc.ca/foodsecurity/foodsecurityhome.cfm.

Islands Trust Integrated Watershed and Shoreline Mapping

In 2008, the Islands Trust started work with the University of British Columbia to better understand the two fundamental types of land forms in the Trust Area: watersheds and coastal zones.

Islands Trust watersheds are getting more attention as the Islands Trust prepares to meet the provincial Riparian Areas Regulation (RAR) requirements. This work involves determining which of our hundreds of watersheds have habitat suitable for fish and thereby warrant protection under RAR. UBC has completed the watershed mapping and Ministry of Environment now designates which of these watersheds fall under the RAR. In the coming year, the local trust committees will be asked to consider bylaws to legislatively establish development permit areas in the designated watersheds to complete compliance with the regulation.

The work completed by a UBC graduate student seminar on Islands Trust Area coastal zones in 2008 has been integrated with the watershed mapping noted above to facilitate a pilot project on Thetis Island to better inform the current Official Community Plan review. The preliminary results of this pilot project have been very positive. In the coming year the Local Planning Committee will review the results of the pilot project and consider whether to recommend the adoption of this approach for the entire Islands Trust Area.

Court Orders Removal of B&B Ganges Marina 'Float Camp'

On June 15, 2009, the Islands Trust announced that B&B Ganges Marina had complied with a Court order to remove its 'float camp' from the Ganges marina, just 12 hours before the BC Supreme Court was expected to rule on the Salt Spring Island Local Trust Committee's motion to fine them for contempt of court. The case dates from May 2006 and as a result of this last minute compliance, the Court waived the fine for contempt, but ruled that the Islands Trust was entitled to have its full costs reimbursed by the marina.

This case is also significant because it confirms the right of communities to plan and regulate their shoreline areas. Salt Spring Island's bylaws are developed by the community and this is a significant victory for Salt Spring that also sets an important precedent for the entire Islands Trust Area and local governments across Canada.

The Court rejected Ganges Marina's submissions that they were not in contempt of the Court order because they had converted the structure back to a 'vessel', and had temporarily moved it into Ganges Harbour. The Court also found that the Marina's attempts to sell the structure were not sufficient to avoid a finding of contempt, as the order required that the structure be physically removed, not just sold.

Court Costs Settled in Komas Bluff Case

In late June, the Islands Trust announced it would receive $92,000 for costs in the final settlements of costs awarded in the Supreme Court and Court of Appeal decisions in favour of the Islands Trust regarding Komas Bluff on Denman Island. A portion of these costs were paid by the Defendant upon settlement, and the remainder will accrue interest until full payment is made. The case dated from 2002, when trees were being removed within a development permit area.

This is a significant decision that upholds the right of BC communities to plan around natural hazard areas and establishes consequences for those who disregard adopted bylaws. The decision set a precedent in BC regarding local government's ability to require remedial work when development permit conditions are breached. Due to the significance of the case for local governments in BC, the Union of BC Municipalities financially supported the Islands Trust's case in the Court of Appeal.

A development permit area had been established 20 years previously, in recognition of the instability of the fine Quadra sand comprising the bluff and of erosion resulting from previous logging operations along the cliff edge. Expert technical analysis at that time recommended that the tree cover and groundwater regime be left in their natural state to minimize natural erosion.

Hornby Island Case Against Islands Trust Dismissed

In the fall of 2009, the BC Supreme Court dismissed a Hornby Island resident's $1.7 million claim against the Islands Trust. In her Reasons for Judgment released September 30, 2009, the Honourable Madam Justice Stromberg-Stein confirmed the unique role the Islands Trust plays in preserving and protecting the Islands Trust Area through its land use regulations and stated that the claims were "without any legitimate foundation".

Madame Justice Stromberg-Stein concludes that trustees and staff of the Islands Trust acted properly in their dealings with the property-owner, who was responsible for obtaining proper permits and complying with the Hornby Island bylaw. "The actions of all of the defendants, elected and non-elected, were performed to execute the required duties imposed by the *Act [Islands Trust Act]* and Hornby Island bylaws. In all instances, I find the defendants executed these duties properly and in good faith," stated Justice Stromberg-Stein.

Madame Justice Stromberg-Stein went on to state that the trustees "exhibited no bias, and they properly exercised their discretion taking care not to pre-judge the issues, keeping an open mind throughout and trying to find a means to accommodate (the property owner) and the interests of the community."

The case required extended appearances in the New Westminster courthouse by Trustee Law, former Trustee Griggs, as well as several Hornby Islanders and Islands Trust staff. This experience demonstrates that trustees take personal risks when they uphold community bylaws and the mandate of the Islands Trust.

Enforcing Community Bylaws

Considerable community effort goes into the development and adoption of land use bylaws in local trust areas, and there is an expectation by communities that those bylaws will be enforced. Trust Council's Strategic Plan includes the goal of reviewing and improving bylaw enforcement.

The majority of bylaw infractions involve land use zoning contraventions, such as operating a business not allowed in a residential area. Other infractions involve siting, density, short-term vacation rentals and development permits. The Islands Trust has two full-time bylaw enforcement officers.

In accordance with the Islands Trust Council policies regarding bylaw investigations and enforcement, enforcement actions are primarily triggered by complaints from residents about lack of compliance with local land use regulations. Staff then investigate complaints, educate violators and usually obtain voluntary compliance with a community's bylaws. In most cases, violators have a variety of options, including ceasing or amending their operations, or applying for variances or required permits. Islands Trust staff estimate that more than 90% of bylaw investigation files are resolved without legal action. Court action is only taken after other avenues to achieve compliance have failed.

In the past year the Islands Trust has seen the annual number of active bylaw enforcement cases remain relatively constant with 150 active files as of March 2010. Individuals who believe there may be a violation can file a complaint, either on-line at www.islandstrust.bc.ca or by letter to the nearest Islands Trust office.

Bylaw Dispute Adjudication System

At its June 2009 meeting, Trust Council unanimously approved the following resolution:

> *That the Islands Trust Council direct staff to:*
>
> *• request the Court Services Branch, Ministry of Attorney General to have the Lieutenant Governor in Council of the Province of British Columbia designate the Islands Trust Council as a local government under the Local Government Bylaw Notice Enforcement Act and to enact a Regulation under Section 29 of the Local Government Bylaw Notice Enforcement Act to apply the Act to the Islands Trust Council;*
>
> *• negotiate the terms, and to prepare an agreement, with the participants of the North Shore Bylaw Notice Dispute Adjudication Registry for consideration at the September Trust Council meeting;*
>
> *• prepare a Bylaw Notice Enforcement Bylaw, and associated Trust Council policies for consideration at the September Trust Council meeting; and*
>
> *• work with those Local Trust Committees that wish to use the Bylaw Notice System to develop designated bylaw contraventions and penalty schedules for inclusion in the Bylaw Notice Enforcement Bylaw.*

This resolution directed staff to take the initial steps necessary to establish an alternative bylaw enforcement system that is expected to provide a more cost effective and timely means of dealing with minor, straightforward bylaw violations.

As of March 31, 2010, the British Columbia Cabinet has now approved Orders-in-Council that enable six local trust committees to proceed: Denman, Galiano, Gambier, North Pender, Salt Spring and Saturna. Efforts to obtain approvals for the remaining local trust committees continue as a priority. Each local trust committee participating in the initiative must adopt a bylaw that authorizes the program and is specific to its land use regulations.

4. Trust Council Advisory Committees

Every term, members for three standing committees of the Islands Trust Council are appointed by the Chair to advise the Council on policy matters. These committees are the Local Planning Committee, Trust Programs Committee and the Financial Planning Committee.

Local Planning Committee

Local Planning Committee Members
George Ehring, Salt Spring Island, Chair
Joyce Clegg, Gambier Island
David Graham, Denman Island
Jen Gobby, Lasqueti Island
Louise Decario, Galiano Island
Fred Hunt, Hornby Island
Tony Law, Hornby Island
Derek Masselink, North Pender Island
John Money, Saturna Island
Gary Steeves, North Pender Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

Community Housing Task Force Launched

In July 2009, the Islands Trust Council created a new Community Housing Task Force to develop a housing strategy for the Islands Trust Area. The Task Force is responsible to the Local Planning Committee and consists of:

Chair:	Tony Law
Members:	George Ehring
	Jen Gobby
	Louise Decario
	Sheila Malcolmson (ex-officio)
Staff:	David Marlor
	Justine Stark
	Sonja Zupanek

The Community Housing Task Force builds on initiatives undertaken by Local Trust Committees by taking a region-wide approach to identifying environmentally responsible solutions to rural housing affordability.

Trust Council allocated $15,000 to develop the housing strategy and the Union of British Columbia Municipalities provided an additional $10,000 to specifically address seniors' housing needs. In early 2010, the Islands Trust hosted a workshop of residents and professionals directly involved in the successes and challenges of community housing in the Islands Trust Area. Following this event, a housing consultant produced the *Islands Trust Community Housing 'Tool Kit': A Guide to Tools Available to Support Development of Affordable Housing in the Trust Area*.

A consultant also produced a *Seniors Housing Strategy* and the Local Planning Committee submitted both reports to Trust Council's March 2010 meeting. Trust Council resolved to distribute the reports to local trust committees and Bowen Island Municipality for consideration when developing policies and procedures with regard to community housing. Trust Council also approved the extension of the Community Housing Task Force for the 2010/11 Fiscal Year to assist local trust committees in reviewing recommendations from the 'Tool Kit' and considering

their implementation. This new tool kit will assist trustees and planning staff by providing easy access to many suggestions or supporting and restoring socio-economic diversity in island communities through land use decisions.

Permissive Regulations for Green Infrastructure

At its September 2009 meeting, the Islands Trust Council unanimously approved the following resolution:

> *That the Islands Trust Council request the Local Planning Committee to consider developing model permissive regulations for green infrastructure and for developments that involve energy efficiency, small-scale renewable energy generation and rainwater capture / storage in the Islands Trust Area.*

The Local Planning Committee is advancing research into various means of promoting the development of green technology structures and will report to its finds to the Trust Council in the coming year.

Trust Programs Committee

Trust Programs Committee Members
Tony Law, Hornby Island, Chair
George Ehring, Salt Spring Island, Vice Chair
Jeanine Dodds, Mayne Island
Sue French, Thetis Island
Jen Gobby, Lasqueti Island
David Greer, South Pender Island
Jan Hagedorn, Gambier Island
Susan Ann Morrison, Lasqueti Island
Beverley Neff, Saturna Island
Peter Luckham, Thetis Island, Executive Committee Representative
Sheila Malcolmson, Gabriola Island, Ex Officio Member

Indicator Program

Trust Programs Committee spent several meetings reviewing the difficulty of maintaining the former "Measuring our Progress" program, and decided to reframe the program. After consultation with local planners and other frequent users of data, it became clear that producing major reports after every census was not serving the users of the data. The indicator program will instead produce smaller reports as-needed using in-house or readily available data to support community planning processes and special projects such as affordable housing and food security.

Grants Program

The Islands Trusts grants program, piloted in late 2008, hit its stride this year, raising $70,000 for:

- Gabriola Affordable Housing Study
- Visitor Etiquette Poster Project
- Cadastral Mapping
- Seniors Affordable Housing Strategy

The program is now governed by a new grants administration policy, intended to clarify roles and responsibilities for applying for, receiving, spending and reporting on grants. The

policy also guides all Islands Trust bodies on what to do when there is internal competition for limited funds.

2009 Community Stewardship Awards

The Islands Trust Council gave the group awards to the Hornby Island Residents & Ratepayers' Association Trails Committee for developing a non-motorized trails network on Hornby Island and Salt Spring Island Conservancy for its 'Stewards in Training' schools program.

2009 marked the first time that climate change was used as one of the criteria in determining the awards and that was a significant factor in the group award going to the Hornby Island group.

The individual awards went to Kelsey Mech, Salt Spring Island, for her work in developing Environmental Action Day and an environmental action group; and Patricia McLaughlin, Denman Island, for her work on marine stewardship.

In addition, an enduring achievement award this year went to Jacqueline Booth, Salt Spring Island (Posthumous nomination), for her work on terrestrial and marine ecosystem mapping and conservation. The awards were presented at local trust committee meetings later in the year on the recipients' home islands.

Legislative Monitoring

Trust Programs Committee relays bi-annual reports to Trust Council about changes to federal and provincial legislation that may affect the Islands Trust Area. One of the major projects this year was responding to the BC's Local Elections Task Force about changing the *Local Government Act* sections on local elections. With the committee's help, Trust Council made a submission focusing on the four topics most relevant to the Islands Trust:

- The role of B.C.'s chief electoral officer in local government elections
- The Corporate vote
- Third Party Advertising
- Campaign Finance Disclosure

First Nations Relations and Protection of Archaeological Heritage Sites

Over the last year, relationships with the Snuneymuxw and Lyackson First Nations continued to evolve within the framework of formal protocols. Discussions around issues of mutual interest continue with the Penelakut, Cowichan, Tsawout and Squamish First Nations, with whom there are no protocol agreements. As time allows, staff and trustees will pursue protocols with all of the above as well as Sliammon and K'omoks.

Financial Planning Committee

Financial Planning Committee Members
Alison Morse, Bowen Island, Chair
Joyce Clegg, Gambier Island
Sue French, Thetis Island
Deb Ferens (resigned Jan 2010), Gabriola Island
David Graham, Denman Island
Christine Torgrimson, Salt Spring Island
Sheila Malcolmson, Executive Committee Representative
Gary Steeves, North Pender Island, Executive Committee Representative
Louise Bell, Denman Island, Executive Committee Representative
Peter Luckham, Thetis Island, Executive Committee Representative

On March 11, the Islands Trust Council approved a new annual budget for 2009–2010, increasing taxes by 0.92%. This small increase was arrived at after listening to public input about the current economic situation. Other public input stressed the ongoing need for Islands Trust services. Trustees agreed to cut funding in some areas to make room for a 2.5% wage increase required under the collective agreement and to enable compliance with Bill 27, the Province's new climate change legislation.

The proposed budget responds to requests from Islands Trust area communities for:

- land use planning to address the need for affordable housing on several islands;
- on-going investments in the accuracy of Islands Trust mapping products;
- environmental protection through land use planning and bylaw enforcement;
- improved stewardship of nature reserves and protected areas.

To accommodate the budget requirements for the upcoming year, Trust Council has approved a budget of $6.45 million, representing an increase in property tax of approximately 55 cents per $100,000 of assessed property value or 0.92 %. This means a property tax increase of approximately $2.47 for a typical residential property assessed at $450,000. Islands Trust taxes account for approximately 10–20% of the total tax bill of an island property owner, depending on what taxes are levied by other jurisdictions.

5. Local Trust Committees and Bowen Island Municipality

There is a local trust committee for each group of islands designated as a local trust area by regulation under the *Islands Trust Act*. A local trust committee is responsible for advancing the object of the *Act* through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of local trust committees and the Bowen Island Municipality included application processing; public, agency and trustee inquiries; local trust committee or municipality meetings; and Board of Variance support.

Bowen Island Municipality

Councilors Alison Morse and Nerys Poole have been representing Bowen Island Municipality on the Islands Trust Council this year. Bowen Island Municipality produces its own annual report, which can be found on-line: www.bimbc.ca/files/bimlink_dec_budget/BIM%202007%20Annual%20Report.pdf

In 2010, Bowen Island Municipality will update its Official Community Plan, both to include GHG reduction targets and to consider public input on other policies that may need revising.

Denman Island Local Trust Committee

Denman Island Local Trust Committee had a busy year, holding 16 business and special meetings and receiving 30 development applications. There were community information meetings on seasonally flooded fields, and public hearings on the North Denman Lands density transfer and on amending the OCP to reduce greenhouse gas emissions. The OCP amendments were complete by the deadline set by BC's Bill 27. The North Denman Lands bylaw, if approved, will result in a significant portion of Denman Island being protected as Provincial Park.

Staff are working on a bylaw regarding seasonally flooded lands in an attempt to balance protection of farm land with protection of sensitive ecosystems. The Local Trust Committee is also considering nine long standing non-conforming historical cooperatives densities. The Local Trust Committee initiated a Farm Plan and established an advisory group to assist in this

work and continues to work with the Comox Valley Regional District to ensure a coordinated approach to land use planning issues.

Gabriola Island Local Trust Committee

Gabriola Island Local Trust Committee had twenty business and special meetings and two community information meetings—one about setting targets for reducing greenhouse gas emissions and one about the Gabriola Commons. The Local Trust Committee met the province's deadline for setting targets for reducing greenhouse gas emissions in three Official Community Plans (Gabriola, Mudge and DeCourcy Islands).

The Local Trust Committee continued its review of Gabriola Island's Official Community Plan and Land Use Bylaw with the help of a Volunteer Review Committee. Topics include: affordable housing, hazards mapping, water, density transfer, first nations, bicycle and bus route planning, parks and conservation.

The Local Trust Committee continued to implement its protocol agreement with the Snuneymuxw First Nation.

The Local Trust Committee received seven development applications over the fiscal year and developed an affordable housing needs assessment with the financial support of the Real Estate Foundation and the Regional District of Nanaimo. In addition the Local Trust Committee funded two other studies: a cycle and bus route study that resulted in a report entitled "Shared Roadways" and a Greenhouse Gas inventory for the island to inform the bylaw amendments relating to climate change.

Galiano Island Local Trust Committee

The Local Trust Committee held twelve business meetings, several community information meetings associated with bylaw amendment applications or LTC-initiated bylaw amendments. It also held several special meetings associated with the Official Community Plan review. The Local Trust Committee endorsed the OCP review project timeline, established advisory groups and created an OCP review steering committee.

Several bylaws were presented and debated during this time period which included: Greenhouse Gas reductions OCP amendment; Land Use Contract amendment bylaw; OCP amendment to remove the option for owners of Forest 1 lands to apply to rezone to Rural Residential and Heritage forest, Land Use Bylaw amendment to allow for a residential Eating Disorder facility; a LUB amendment to remove and relocate an area of land in the Agriculture Land Reserve; and a bylaw to reduce the minimum lot size required for land to be used for affordable and/or seniors housing resulting from the rezoning of F1 lands.

During the year a total of 17 active applications were received, which included: five building permit referrals; three development permit applications; five development variance permit applications; two rezoning applications; and two subdivisions.

Gambier Island Local Trust Committee

The Local Trust Committee held a total of thirteen business and special meetings, including community information meetings on climate change and greenhouse gas emissions reduction. A public meeting was also held on the Keats Island Land Use Bylaw amendment. There was also a meeting with Sunshine Coast Regional District staff and elected officials as per a Protocol Agreement.

The development of the Official Community Plan for the associated islands continues, requiring significant staff time to support the community, Local Trust Committee and individual trustees.

A total of 69 applications were processed, including 58 building permit referrals, 10 development variance permits and one subdivision.

Hornby Island Local Trust Committee

The Local Trust Committee held sixteen business and special meetings, including three community information meetings on a mixed use application at the Four Corners site, an application regarding a bakery cooperative and climate change and greenhouse gas emissions reduction.

A total of 17 applications were processed including one Agricultural Land Reserve, one Development Variance Permit, one rezoning, two subdivisions and 12 Siting and Use Permits.

Hornby Island LTC continues to develop appropriate short term vacation rentals policy and regulations. Additionally, the OCP and LUB underwent a review. A complex development variance permit application and development permit for a windmill on a commercial property was processed. Final outcome was approval, however the early part of the process occurred in the previous year and consumed significant staff resources. Hornby Island LTC met with Comox Valley Regional District and initiated discussions along with Denman Island Local Trust Committee towards reaching a protocol agreement. Interest in working with K'omoks First Nations was expressed. Hornby met the GHG emissions reduction bylaw deadline.

In 2009, a new publication was created to provide tips to islanders on water conservation, living in the forest and practices to sustain ecosystems. Copies are available from the Hornby Island Local Trustees.

Lasqueti Island Local Trust Committee

The Local Trust Committee held seven business and special meetings, including a community information meeting on climate change and greenhouse gas emissions reduction and a public hearing on a Land Use Bylaw.

The Local Trust Committee worked to develop island-specific greenhouse gas inventory baseline information and continued work on a health centre rezoning and subdivision for the Last Resort Society."

Lasqueti Island LTC hopes to reach a protocol agreement with Sliammon First Nations to guide their involvement in local land use decisions, subject to staff resources being available.

The Lasqueti Island LTC also initiated its own sustainability checklist for development proposals.

Mayne Island Local Trust Committee

The Local Trust Committee held nine regular business meetings and one special meeting. Three community consultation meetings were held on: Proposed Bylaw No. 148—amendments to LUB No. 146—Provincial Riparian Area Regulations and an Official Community Plan amendment to address climate change. A workshop for landowners with sensitive ecosystems was also held, in conjunction with Islands Trust Fund and the Mayne Island Conservancy and a sensitive ecosystems brochure was produced. In keeping with the Official Community Plan, sensitive ecosystem management and Riparian Area Regulation implementation are in progress, with Development Permit Areas to protect sensitive ecosystems to be drafted.

In total, 27 applications were received, including 18 Building Permits, six Development Permits, two rezoning and one subdivision.

North Pender Island Local Trust Committee

The Local Trust Committee held 10 regular meetings, one special meeting regarding greenhouse gas reduction and one for Pender Island Golf and Country Club Liquor Licence. Greenhouse gas reduction Official Community Plan policies (Bylaw 182) received first reading. Land Use Bylaw technical amendments commenced (Bylaws 179, 180, 181); National Park Zoning was adopted and a Development Approval Information Bylaw was adopted. In addition, the LTC received mapping and consultant's reports on hazard mapping and on riparian areas.

The LTC received seven applications for Development Permits, with three issued and three exemptions granted; four Development Variance Permit applications were received and closed; two Temporary Use Permits were received but not closed and two board of variance applications were received and closed. One Liquor Control Board application was received and closed. There were six active subdivision applications but no new application received. Staff received referrals for 12 Special Occasion Licence applications and 26 Building Permit referrals.

Special public outreach communications included: Climate Change Initiative; BC Hydro wood pole test and treat presentation; and, Islands Trust 35th Anniversary presentation.

Fourth Annual Stewardship Day Fair

The North Pender Island Local Trust Committee sponsored its Fourth Annual Stewardship Day Fair in October with a number of informative presentations, including research on the home life of the Western Painted Turtle on the Penders; 'Supernatural Pender'—a view of the Penders through the lens of a biologist photographer; and, an introduction to the Natural Area Protection Tax Exemption Plan. A variety of displays by more than a dozen organizations complimented the presentations. Admission was free and many islanders attended the event.

New Eagle Brochure on North Pender Island

The Pender Island Conservancy Association (PICA) and the North Pender Island Local Trust Committee combined resources to produce a new brochure about local eagles to include both North and South Pender Islands populations. Building on a project of the South Pender Island Local Trust Committee, this project also used text provided by local eagle expert David Manning and graphics provided by Derek Holzapfel. Island View Paperworks on Pender Island produced the copies. Copies were distributed via a mail drop on South Pender Island and are available at the Trust Office at the Driftwood Centre and at the Pender Island Conservancy Association (PICA) booth at the weekly Farmers' Market.

Salt Spring Island Local Trust Committee

The Local Trust Committee conducted 14 business meetings, two public hearings and several community information meetings associated with bylaw amendment applications. Five major community planning initiatives were also undertaken, with consultation meetings and advocacy events directed at industrial land development, greenhouse gas emission reductions, affordable housing, implementation of the soil removal and deposit bylaw, and the review of Sensitive Ecosystem mapping.

A total of twenty-two applications were received during the year, with 53 open applications at end of the fiscal year. New applications included two Agricultural Land Reserve decisions, five Development Permits, seven Variance Permits, two rezoning applications; three subdivisions, one Temporary Use Permit and two Soil Removal Permits. In addition, 47 Building Permit and 13 Crown Land applications were reviewed.

During 2009, background inventories and mapping were completed for the update of environmental Development Permit Areas. Greenhouse gas emissions inventories were updated and an Official Community Plan amending bylaw established ambitious targets for GHG reduction throughout the community.

OCP policies were applied as several bylaws were presented and debated, including Rainbow Road affordable housing and adding two buildings to the community heritage register.

Salt Spring Island's Advisory Design Panel was engaged in initial review of the new Salt Spring library design. The LTC commissioned an amendment to the Land Use Bylaw in advance of Development Permit application, thereby facilitating a new design more conducive to the library operations.

Another significant initiative was the housing needs assessment received at end of 2009 confirming that the lack of affordable housing on Salt Spring Island is affecting virtually all segments of the population. The cost of available supply of housing was at least double that which a household earning a median income could afford. Upon receipt of the needs assessment, the Salt Spring Island LTC joined forces with Capital Regional District and community service agencies to strategize actions and resources needed to alleviate the affordable housing crisis on the island. Work will continue through the next year.

The Salt Spring Island Local Trust Committee initiated a program of cost recovery for covenant monitoring. Conservation covenants presented as part of a development approval now include provisions for annual monitoring.

Taking Action on Climate Change

Salt Spring Island continues to show leadership in taking action on climate change adaptation and mitigation. The year 2009 began with production of the Sustainability Checklist, issued by Islands Trust and Capital Regional District. With support from the Local Trust Committee and other community partners, October 24 brought together a Gulf Island Day of Action on Climate Change. As attention changed to setting targets for greenhouse gas emission reduction, the community came together for an afternoon workshop on February 6 looking at the interrelationships between energy supply, food and agriculture, land use, building design, conservation and transportation. With support of the community, an ambitious and visionary target was set to reduce GHG emissions by at least 15% by year 2015. At end of the fiscal year, in March 2010, the Salt Spring Island received an updated Community Energy Strategy Baseline Report, providing a comprehensive inventory of GHG sources from Salt Spring Island.

Local Produce Study

Coinciding with its efforts to adapt and mitigate the impacts of Climate Change, Salt Spring Island Local Trust Committee and the Agricultural Alliance initiated a program to better understand how much food is grown on the island. Volunteers conducted a survey of farmers on the island, updating research gathered from similar survey in 2005. The information is intended to highlight actions needed in support of local food production, thereby reducing transportation costs and greenhouse gas emissions.

Initial results of the local food study points the need to address a shortage of farm composting facilities on Salt Spring Island, together with other actions that the Local Trust Committee may lend its support to through future land use bylaw amendments.

Salt Spring Industrial Land Task Force

The year began with high expectations for the Salt Spring Industrial Task Force. During the previous year's review of the Official Community Plan, a number of islanders expressed concern about an apparent lack of land for light industrial use. The task force quickly set to work compiling an inventory of existing industrial zoned land, projecting future demand and identifying key issues such as production on agricultural lands. The task force released its findings and initial recommendations at public meeting in June. Based on responses received, a final set of recommendations was presented to the Local Trust Committee in fall of 2009. Further action will follow as the LTC turns its attention to update of the Land Use Bylaw.

Salt Spring Community Service Awards

In recognition of the 35th Anniversary of Islands Trust, Salt Spring Island LTC established a Community Service Award to be presented to individuals who have given extraordinary service to the community and helped further the goals of the Islands Trust. The Inaugural award was presented in June 2009 to Mike Larmour, former manager of North Salt Spring Waterworks District. In December, a second Community Service Award was presented to Mike and Bev Byron in recognition of their years of work in agriculture, education and politics.

Saturna Island Local Trust Committee

The LTC had five regular business meetings and three special meetings, some of which contained community information meetings and/or public hearings within the agenda. Community information meetings were held on the Greenhouse gas reductions OCP bylaw amendment; East Point Water Catchment and Storage LUB amendment; MOE report on Salt Water intrusion, East Point Peninsula; storage building LUB amendment; and Saturna Winery road (Quarry Trails) road issue.

The BC Ministry of Environment carried out research and prepared a report titled "The Intrusion of Sea Water into Groundwater on East Point Peninsula, Saturna Island." This led to the drafting of a Bylaw requires water storage and catchment for most new construction on East Point Peninsula. After receiving public input the Bylaw was amended and passed, followed by a direct mailing to all East Point residents.

Another bylaw amended the OCP to set targets for Greenhouse gas reduction. There was also an LUB amendment to allow storage buildings on vacant lots and an amendment to the fee bylaw to reduce fees for heritage alteration permits.

The LTC reviewed six development applications including two building permit referrals, one development variance application and two bylaw amendment applications.

South Pender Island Local Trust Committee

The LTC held six regular business meetings and one special separate meeting for greenhouse gas reduction policies. National Park Official Community Plan and Land Use Bylaw amendments were initiated at first reading, a Build-out Analysis was completed and a Riparian Area Report by a consultant was received. One Development Permit was completed, one Development Variance Permit was completed, three Building Permit referrals were received and completed, and two subdivisions completed.

Public outreach communications included Sensitive Ecosystem mapping work of the Trust Fund Board and the Climate Change Initiative. OCP policy amendments were at first reading.

New Eagle Brochure on South Pender Island

In 2009, the South Pender Island Local Trust Committee produced a new brochure to provide information on the eagle population on South Pender Island to residents of and visitors to the island. The text was provided by local eagle expert David Manning who has been observing and keeping records of the eagles on the Gulf Islands for a number of years. Derek Holzapfel provided the photographs and did the layout for the brochure. Island View Paperworks on Pender Island produced the copies. Copies were distributed via a mail drop on South Pender Island and are available at the Trust Office at the Driftwood Centre and at the Pender Island Conservancy Association (PICA) booth at the weekly Farmers' Market.

Thetis Island Local Trust Committee

The Local Trust Committee held ten business and special meetings, including a community information meeting and open house on the Official Community Plan and Land Use Bylaw Review regarding greenhouse gas emissions reduction. Staff processed ten applications including seven building permit referrals and three subdivisions.

The committee also held a meeting with Cowichan Valley Regional District with regard to a Protocol Agreement. There was staff to staff discussion on building permit referral process. Cooperative work was also undertaken with the Lyackson First Nation, Cowichan Valley Regional District and the Local Trust Committee regarding outreach and education for Valdes Island residents and landowners regarding building permit process, protection of archeological sites and Islands Trust land use planning. The Ruxton Island zoning bylaw was reviewed for GHG but was not necessary to change.

The LTC initiated in a shoreline mapping project with the University of British Columbia UBC in support of its Official Community Plan and Land Use Bylaw work in the spring of 2009.

A review of the existing Lyackson First Nation protocol agreement is ongoing with new chief and the council. The Local Trust Committee also initiated a working relationship with Penelakut First Nation.

Executive Islands

A group of small and largely uninhabited islands near the Nanoose area are under the jurisdiction of the Islands Trust Executive Committee, which acts as a local trust committee for the purpose of land use planning and regulation. The Executive Committee Acting as a Local Trust Committee reviewed a staff report on the current planning situation and supported a public process, timeline and a funding request to develop an Official Community Plan and Land Use Bylaw for these islands in the 2010–2011 fiscal year.

6. Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve and protect unique ecological features in the Islands Trust Area. As one of British Columbia's leading conservation trusts, the Islands Trust Fund works with Trust Area communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

As of March 2010, the Trust Fund Board protects 992 hectares of natural and cultural values on 78 properties.

Conservation Planning

The Islands Trust Fund's Regional Conservation Plan guides the Trust Fund Board's policy and operations when considering conservation proposals, applying for Free Crown Grants, determining annual work programs and measuring its success in protecting natural places. The Islands Trust Fund completed its first Regional Conservation Plan in 2005. The Plan's duration was from April 2005 to March 2010.

A major barrier to achieving some of the objectives of the 2005–2010 Regional Conservation Plan was that the Trust Fund Board did not have access to acquisition funds for targeted land purchases. Consequently, goals 1, 3 and 4 which required major funds for large, location, and habitat-specific properties were not met. The several acquisitions that were completed were

Status of The Regional Conservation Plan's Five-year Objectives as of March 2009

Long Term Goal	Five-Year Objective	Status of Objective
1. Protect a significant amount of each natural ecosystem in each local trust area and island municipality	To protect at least 5% of each natural ecosystem class within each local trust area and island municipality	All islands except South Pender and Galiano have natural ecosystems that have less than 5% protected.
2. Protect the last remaining blocks of large natural ecosystems	To protect at least two parcels of land of at least 50 ha within the Bowen Island Municipality, Gambier or Lasqueti Local Trust Area	Mt. Artaban (107 ha) on Gambier and Mt. Trematon (57.87 ha) on Lasqueti are now ITF Nature Reserves.
3. Protect nationally and provincially identified ecosystems and habitats of species that are considered endangered, threatened or of special concern	To protect at least one of the Garry oak ecosystem sites identified by the Garry Oak Ecosystem Recovery Team (GOERT)	Several opportunities have been pursued, but no land has been secured.
4. Ensure that each local trust area and island municipality has protected viable ecosystems	To work with partners to achieve at least 15% protection of the total area of each local trust area and island municipality, including modified ecosystems on islands with few natural areas	Bowen (13.9%), Denman (9.9%), Gabriola (9.1%), Lasqueti (9.7%), Mayne (4.4%) and Thetis (4.0%) are still below the target; it is anticipated that Denman will achieve the target soon.
5. Expand existing protected areas for each island	To protect at least four properties adjacent to protected areas	1) The David Otter Nature Reserve on Bowen Island borders Crippen Regional Park, 2) a NAPTEP covenant on Galiano is adjacent to another conservation covenant area, 3) Long Bay Wetland Nature Reserve on Gambier is adjacent to the Mt. Artaban Nature Reserve, and 4) A NAPTEP Covenant on Salt Spring is adjacent to a Provincial Park and the Salt Spring Island Waterworks lands.
6. Create a network of protected area for each island	To see protected area networks (PANs) delineated in all OCPs across the Islands Trust Area. The first step in achieving this target is preparing a set of guidelines for approval by Trust Council	Guidelines are yet to be produced by Islands Trust Local Planning Services.
7. Improve the Islands Trust Ecosystem Mapping (ITEM) to form a stronger foundation for future plans	To update the ITEM and increase accuracy by groundtruthing at least 20% of polygons and to provide information to all partners each year on protected status for each local trust area/ island municipality	Terrestrial Ecosystem Mapping for all islands is now complete, with 25% groundtruthing.
8. Ensure safety and ecological integrity of protected areas	To develop an implementation plan that ensures the safety and ecological integrity of all TFB owned and covenanted lands	The implementation plan is complete, and ITF staff are currently using the plan.

achieved through the Free Crown Grants Program or donations and therefore required less money to complete.

Over 15% of the Islands Trust Area is now protected, representing an increase of approximately 3% or 1,170 hectares over the duration of the 2005–2010 Regional Conservation Plan. However, the distribution of protected land is uneven throughout the region, with local trust areas like Saturna and South Pender having 44% and 32% of the land base protected respectively while local trust areas like Mayne and Thetis have only 4% protected. To meet all the goals of the 2005–2010 RCP, an additional 2,165 hectares (5,350 acres) would need to be protected. Assuming per hectare values calculated from the BC Assessment 2009 assessment roll (land-only values), this increase would amount to approximately $242,143,803 worth of land. Acquiring this much land through purchase alone would be unachievable, demonstrating the importance of land securement through donation, bequest and conservation covenant to meet the goals set out in the Regional Conservation Plan.

The 2005–2010 Regional Conservation Plan identified a need to improve ecosystem mapping because existing mapping was completed almost solely through air photo interpretation with little or no field checking (groundtruthing). The Islands Trust Fund, in partnership with the Islands Trust, the Province of BC and the Gulf Islands National Park Reserve completed Terrestrial Ecosystem Mapping (TEM) for the Islands Trust Area. TEM is a provincial mapping standard for Ecosystem Mapping that considers terrain, vegetation and geology. The methodology for this mapping is recognized by the BC Resource Information Standards Committee. Mapping begins with the interpretation of air photos, followed by groundtruthing. Groundtruthing varied from 18–25% for the Islands Trust Area. The completed TEM was used to develop Sensitive Ecosystem Maps for the entire Islands Trust Area and to identify important areas for conservation within the Islands Trust Area for the 2011–2015 Regional Conservation Plan.

Natural Area Protection Tax Exemption Program

The Natural Area Protection Tax Exemption Program (NAPTEP) provides landowners who permanently protect natural features of their land through conservation covenants the opportunity to receive a 65% exemption in property taxes on the protected portion of their land. NAPTEP was first introduced in 2005 in the Gambier Island Local Trust Area and has since expanded to the following Local Trust Areas: Denman, Executive, Gabriola, Galiano, Gambier, Hornby, Mayne, North Pender, Salt Spring, Saturna, South Pender and Thetis. Staff will work in 2010–2011 towards including Lasqueti Island Local Trust Area and Bowen Island Municipality.

In 2009–2010 Trust Council issued three Natural Area Exemption Certificates, one each on Gabriola, Galiano and North Pender Island. The McRae NAPTEP Covenant features a rocky meadow where camas, fairy-slipper orchids and shootingstars bloom in the spring and vernal pools and seepages create a diverse habitat for a variety of species. The 7.4 hectare covenant area also protects a maturing forest where Douglas-fir, cedar and arbutus can be found. The Westbourne NAPTEP Covenant protects 1.7 hectares of maturing forest overlooking Montague Harbour, including endangered plant communities and sensitive habitat for the Red-legged frog. The Steil's Woods NAPTEP Covenant protects several red- and blue-listed plant communities as well as potential habitat for the elusive and rare Sharp-tailed Snake. The 1.2 hectare covenant includes a wetland which hosts amphibian critters and visiting Great Blue Herons.

There are currently eighteen properties in the Natural Area Protection Tax Exemption Program. In total, 67 hectares (165 acres) of private land are now protected through the program.

Information about the program is available at www.islandstrustfund.bc.ca/naptep.cfm.

Islands Trust Fund Fundraising Campaigns

The Islands Trust Fund is recognized by the Canadian Revenue Agency as a qualified donee and undertakes work classified as 'charitable' under Canada Revenue Agency definitions. With the Islands Trust Fund's core operational expenses covered by the Islands Trust, 100% of funds donated to the Trust Fund Board go directly to 'on-the-ground' conservation work. Donated funds are used by the Trust Fund Board to cover costs associated with land acquisition (e.g. property purchase, appraisals, baselines) and special conservation projects (e.g. ecosystem mapping, regional conservation planning).

Opportunity Fund

The Opportunity Fund provides funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard to fundraise costs associated with land protection, or is used to lever increased donations to land acquisition projects. It is funded by donations from the general public and proceeds from the sales of Islands Trust Fund birthday calendars. The Regional Conservation Plan guides the allocation of funds from the Opportunity Fund.

In 2009–2010, the Opportunity Fund received $9,838 in donations. In March 2010, the Trust Fund Board awarded $7,000 to the Salt Spring Island Conservancy to cover costs associated with the acquisition of a 13 hectare property on Salt Spring Island. If acquired, the resulting nature reserve will protect a large population of endangered yellow montane violet (COSEWIC listed).

Covenant Management and Defence Fund

The Board is committed to maintaining and in some cases enhancing the natural areas and features protected by the covenants it holds in perpetuity. To help do this, the Board established the Covenant Management and Defence Fund (and related guidelines) to ensure it has the financial resources needed to defend and manage covenants long into the future. With a starting gift of $35,000 from a generous private donor, the Board aims to build the Fund as a safety measure to ensure the Islands Trust Fund has the resources needed to quickly react in the event of a covenant breach. In addition, the Fund may enable the Islands Trust Fund to take a more active role, if requested by a landowner, in the restoration of natural features protected by covenants but damaged by non-human threats such as invasive species.

Stewardship Education Activities

The Islands Trust Fund recognizes that the most influential decision-makers in the Islands Trust Area are landowners themselves, as their daily decisions have a direct effect on the health of fragile island ecosystems. By providing ecological information and support to local landowners, the Islands Trust Fund enables landowners to make positive decisions that ultimately lead to the protection of island ecosystems.

Sensitive Ecosystem Guide for Islands Trust Area Property Owners

Sensitive ecosystems in the Gulf Islands act as strongholds for rare species, but are especially vulnerable to human activities. Recognizing that property owners play an important role in the stewardship of these unique areas, the Islands Trust Fund produced a booklet targeted at Islands Trust Area property owners describing the sensitive ecosystems found in the Islands Trust Area and how they can be protected. Funded in part by a grant from Vancity, the booklet serves as an attractive resource for landowners interested in learning more about the natural areas on their property.

Shoreline Living Workshop on North Pender Island

In June 2009, the Islands Trust Fund partnered with the Pender Islands Conservancy Association to host a 'Shoreline Living' workshop on North Pender Island. The event focused on shorelines, their function and importance to Gulf Island communities, and the role shoreline property owners play as stewards of these sensitive ecosystems. The guest speaker for the workshop was Dr. William Marsh, noted University of British Columbia scholar and educator in Landscape Architecture. Marsh discussed the coastal forms and features of the Pender Islands and the issues faced by shoreline property owners. His presentation included an illustrated discussion of planning and management solutions to particular to different shore types.

2009–2010 Free Crown Grant Program

Through the Province of British Columbia's Free Crown Grant program, Trust Council and the Trust Fund Board work together to seek the sponsorship of the Minister of Community, Sport and Cultural Development for parcels of Crown Land in the Islands Trust Area. When a Trust Fund Board application is granted, the title of the property is received by the Trust Fund Board and its ecological values are protected in perpetuity as a nature reserve. The Trust Fund Board received its first Free Crown Grant in 2006, the Elder Cedar (S'ul-hween X'pey) Nature Reserve on Gabriola Island, and its second in 2008, Mount Artaban Nature Reserve on Gambier Island.

Fairy Fen Proposed Nature Reserve, Bowen Island

This 18 hectare parcel on Bowen Island includes a wetland known locally as Fairy Fen or Mystery Marsh. The wetland contains red-listed plant communities and other provincially significant ecological values.

This parcel is the third Free Crown Grant the Trust Fund Board will receive from the Province of British Columbia. The Board accepted an offer for the land from the Crown in 2007 subject to the completion of a survey. With the survey completed in 2009, the Trust Fund Board expects the Order in Council allowing the Integrated Land Management Branch to transfer the Fairy Fen parcel to the Trust Fund Board to be signed in 2010.

Property Management in 2009–2010

When the Trust Fund Board receives donations of land, it consults with the donor(s) and community regarding specific wishes they have for the property and considers these comments when developing management plans. The Trust Fund Board has a management plan in place for each nature reserve that it owns. In 2009–2010, the Trust Fund Board adopted a management plan for Mount Artaban Nature Reserve (Gambier Island).

The Trust Fund Board monitors its properties and covenants annually to ensure that the natural values that were protected are maintained.

Ruby Alton Nature Reserve Maintenance

With a donation of exterior paint from Salt Spring Island's Benjamin Moore and More, the weathered boards of the Ruby Alton house were restored to the sunny complexion the house displayed back when Ruby called it home. Ruby was an avid gardener and, as a result, her garden was known throughout the southern island for its diversity. With a grant from the Salt Spring Island Foundation, Ruby's treasured gardens were revitalized with improvements to the watering system, organic mulch, arborist work, and hands-on attention.

Consolidated Financial Statements of

ISLANDS TRUST

Year ended March 31, 2010

ISLANDS TRUST

Consolidated Financial Statements

Year ended March 31, 2010

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Islands Trust (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods

The Trust's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Trust, acting through its Audit Committee, meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by Trust Council. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's consolidated financial statements.

Chief Administrator Officer

Treasurer

KPMG LLP
Chartered Accountants
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Victoria BC V8W 3Y7
Canada

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AUDITORS' REPORT

To the Trustees of Islands Trust and the Minister of Community and Rural Development

We have audited the consolidated statement of financial position of Islands Trust as at March 31, 2010 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 14, 2010

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, Cooperative ("KPMGI International") a Swiss entity. KPMG Canada provides services to KPMG LLP

ISLANDS TRUST

Consolidated Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009 (Restated - note 2)
Financial assets:		
Cash and cash equivalents (note 3)	$ 3,045,703	$ 3,063,144
Accounts receivable (note 4)	42,739	83,262
	3,088,442	3,146,406
Financial liabilities:		
Wages and benefits payable	1,007,430	837,974
Accounts payable and accrued liabilities	240,614	357,229
Deferred revenue (note 5)	44,044	279,561
Employee benefit obligations (note 6)	217,451	220,041
Obligations under capital leases (note 7)	51,763	11,692
	1,561,302	1,706,497
Net financial assets	1,527,140	1,439,909
Non-financial assets:		
Tangible capital assets (note 8)	167,299	161,792
Prepaid expenses	957	29,891
	168,256	191,683
Accumulated surplus (note 9)	$ 1,695,396	$ 1,631,592

Commitments (note 12)
Contingent liabilities (note 13)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Islands Trust:

Trustee

Trustee

ISLANDS TRUST

Consolidated Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	Budget (unaudited - note 10)	2010	2009 (Restated - note 2)
Revenue:			
Property tax - general	$ 5,447,191	$ 5,447,191	$ 5,344,256
Property tax levy - Bowen Island Municipality	208,843	208,843	197,693
Provincial grant - operating	318,331	318,331	156,000
Fees and sales	160,000	89,458	128,788
Interest income	85,000	33,393	90,692
Other income	90,000	102,522	88,523
Total revenue	6,309,365	6,199,738	6,005,952
Expenses: (note 11)			
Council services	959,382	880,729	993,581
Local trust committee services	4,673,205	4,667,864	4,202,735
Trust fund services	603,447	587,341	511,453
Total expenses	6,236,034	6,135,934	5,707,769
Annual surplus	73,331	63,804	298,183
Accumulated surplus, beginning of year	1,631,592	1,631,592	1,333,409
Accumulated surplus, end of year	$ 1,704,923	$ 1,695,396	$ 1,631,592

The accompanying notes are an integral part of these consolidated financial statements.

ISLANDS TRUST

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2010, with comparative figures for 2009

	Budget (unaudited - note 10)	2010	2009
Annual surplus	$ 73,331	$ 63,804	$ 298,183
Acquisition of tangible capital assets	(77,000)	(55,687)	(50,485)
Amortization of tangible capital assets	-	50,180	44,067
	(3,669)	58,297	291,765
Use (acquisition) of prepaid expenses	-	28,934	(3,161)
Change in net financial assets (net debt)	(3,669)	87,231	288,604
Net financial assets, beginning of year	1,439,909	1,439,909	1,151,305
Net financial assets, end of year	$ 1,436,240	$ 1,527,140	$ 1,439,909

The accompanying notes are an integral part of these consolidated financial statements.

ISLANDS TRUST

Consolidated Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 63,804	$ 298,183
Items not involving cash:		
Amortization of tangible capital assets	50,180	44,067
Change in non-cash operating assets and liabilities:		
Accounts receivable	40,523	6,610
Accounts payable and accrued liabilities	(116,615)	51,653
Wages and benefits payable	169,456	60,621
Employee benefit obligations	(2,590)	39,245
Deferred revenue	(235,517)	252,515
Prepaid expenses	28,934	(3,161)
Net change in cash from operating activities	(1,825)	749,733
Capital activities:		
Acquisition of tangible capital assets	(9,896)	(50,485)
Net change in cash from capital activities	(9,896)	(50,485)
Financing activities:		
Payments on capital lease	(5,720)	(3,176)
Net change in cash from financing activities	(5,720)	(3,176)
Increase (decrease) in cash and cash equivalents	(17,441)	696,072
Cash and cash equivalents, beginning of year	3,063,144	2,367,072
Cash and cash equivalents, end of year	$ 3,045,703	$ 3,063,144
Supplemental cash flow information:		
Assets acquired under capital lease	$ 45,791	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Islands Trust (the "Trust") is incorporated under the Islands Trust Act of British Columbia (as amended). The object of the Trust is to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The consolidated financial statements of Islands Trust are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The consolidated financial statements include a combination of all the assets, liabilities, revenues, expenses, and changes in fund balances and in financial position of the trust council and the local trust committees.

The Trust occasionally conducts work on behalf of development applicants on a cost-recovery basis. These trust activities are not included in the consolidated financial statements.

(b) Basis of accounting:

The Trust follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Revenue unearned in the current period is recorded as deposits or deferred revenue.

(c) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds.

1. **Significant accounting policies (continued):**

(d) Employee future benefits:

The Trust and its employees make contributions to the Public Service Pension Plan, which provides benefits directly to employees upon retirement. These contributions are expensed as incurred.

A gratuity is also available to employees upon retirement. The cost of this benefit is actuarially determined based on periods of service and best estimates of retirement ages and expected future salary increases. The obligation under this benefit is accrued on projected benefits as the employees render services necessary to earn the future benefit.

(e) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Furniture and equipment	5
Computers	3
Leasehold improvements	5 - 10

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(iii) Works of art and historical treasures

Works of art and historical treasures are not recorded as assets in these financial statements.

(iv) Interest capitalization

The Trust does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

In addition, the Trust's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

2. Change in accounting policy:

The Trust has implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, all tangible capital asset additions were recorded as expenditures, and then were set up as capital assets in the statement of financial position. The capital assets were not amortized.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Trust applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	2010
Accumulated surplus at April 1, 2008:	
General Revenue Fund	$ 1,192,903
Capital Fund and equity in capital assets	1,167,481
Accumulated surplus, as previously reported	2,360,384
Change in net book value of tangible capital assets	(1,026,975)
Accumulated surplus, as restated	$ 1,333,409
Annual surplus for 2009:	
Net revenues, as previously reported	$ 288,589
Assets capitalized but previously expensed	50,485
Amortization expense not previously recorded	(44,067)
Capital lease payments previously expensed	3,176
Annual surplus, as restated	$ 298,183
Accumulated surplus, at March 31, 2009, as restated	$ 1,631,592

3. Cash and cash equivalents:

	2010	2009
Bank account balances	$ 601,148	$ 424,612
MFA Bond Fund	659,950	-
MFA Intermediate Fund	1,784,231	-
MFA Money Market Fund	374	2,638,532
	$ 3,045,703	$ 3,063,144

4. Accounts receivable:

	2010	2009
Opening balance - cost recoveries	$ 1,033	$ 7,625
Expenses for the year	9,189	14,345
Cash received in the year	(21,322)	(20,937)
Closing balance - cost recoveries	(11,100)	1,033
Accounts receivable - other	53,839	82,229
	$ 42,739	$ 83,262

5. Deferred revenue:

Deferred revenue is comprised of the following:

	2010	2009
Strategic Community Investment Fund grant	$ -	$ 234,313
Other grants	44,044	45,248
	$ 44,044	$ 279,561

6. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees.

	2010	2009
Vacation	$ 101,175	$ 107,792
Compensatory time off	30,586	16,771
Accrued retirement allowance	85,690	95,478
	$ 217,451	$ 220,041

Vacation and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death. Accrued retirement allowance represents the Trust's share of the cost to provide employees with certain retirement allowances in the year of retirement, which were estimated by an actuarial valuation.

The significant actuarial assumptions used in measuring the Trust's accrued retirement allowance are as follows:

	2010	2009
Discount rate for present value of future benefits	6.00%	6.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	2.00% - 3.00%	2.00% - 3.00%

Other pension plans

The Trust and its employees makes contributions to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 53,000 active members and approximately 33,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The most recent valuation as at March 31, 2008 indicated an unfunded liability of $487,000,000 for basic pension benefits. The next valuation will be as at March 31, 2011, with results available in 2012. The actuary does not attribute portions of the surplus to individual employers. The Trust paid $219,900 (2009 - $186,571) for employer contributions to the plan during the year.

7. Obligations under capital leases:

The amounts due for obligations under capital leases are as follows:

		2010
2011	$	13,924
2012		11,876
2013		11,026
2014		9,318
2015		9,318
2016		1,812
Total minimum lease payments		57,274
Less amounts representing interest (at rates ranging from 2.25% to 6.25%)		5,511
Present value of net minimum capital lease payments	$	51,763

Interest of $875 (2009 - $572) relating to capital lease obligations has been included in expenses on the consolidated statement of financial activities.

8. Tangible capital assets:

	Denman Island Site	Furniture and equipment	Computers	Leasehold improvements	Total 2010	Total 2009
Cost:						
Balance, beginning of year	$ 10,000	$ 49,528	$ 58,255	$ 215,572	$ 333,355	$ 291,945
Additions	-	45,791	-	9,896	55,687	50,485
Disposals	-	-	-	-	-	(9,075)
Balance, end of year	10,000	95,319	58,255	225,468	389,042	333,355
Accumulated amortization:						
Balance, beginning of year	10,000	21,709	25,471	114,383	171,563	136,571
Disposals	-	-	-	-	-	(9,075)
Amortization expense	-	9,761	16,031	24,388	50,180	44,067
Balance, end of year	10,000	31,470	41,502	138,771	221,743	171,563
Net book value, end of year	**$ -**	**$ 63,849**	**$ 16,753**	**$ 86,697**	**$ 167,299**	**$ 161,792**

Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $nil (2009 - $nil).

In fiscal 1994, the Denman Island Ratepayers' Association donated $10,000 which was used by the Trust to purchase the Denman Island Old School Site from School District #71. The Trust agreed to facilitate the sale of the school site between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community. The Denman Island Ratepayers' Association has leased the building on the site from the Trust for 99 years for a total fee of $10.

9. Accumulated surplus:

Accumulated surplus consists of:

	2010	2009
Invested in tangible capital assets	$ 115,536	$ 150,100
General Revenue Fund	1,579,860	1,481,492
	$ 1,695,396	$ 1,631,592

10. Budget data:

The unaudited budget data presented in these financial statements is based upon the 2010 operating budget approved by Trust Council. Amortization was not contemplated on development of the budget and, as such, has not been included. The following reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Operating budget:	
Revenues	$ 6,451,365
Expenses	(6,313,034)
Budgeted surplus	138,331
Appropriation from surplus	(142,000)
Capital expenses	77,000
Annual surplus	$ 73,331

11. Classification of expenses by object:

	2010	2009 (Restated - note 2)
Salaries and benefits	$ 3,496,406	$ 3,072,762
Traveling/training and recruitment	158,543	254,252
Council and trustee costs	596,201	612,954
Office operations	935,889	830,696
Programs	553,561	445,012
Legal	345,154	351,977
Elections	-	96,049
Amortization	50,180	44,067
Total expenses by object	$ 6,135,934	$ 5,707,769

12. Commitments:

Minimum annual lease payments:

The Trust is committed to leases over rented premises. Minimum future payments in the next five years are as follows:

2011	$ 282,861
2012	191,744
2013	49,196
2014	48,530
2015	48,530

13. Contingent liabilities:

In the normal course of a year, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability is likely and reasonably determinable.

14. Trust activities:

(i) Trust fund under administration

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a plan approved by the Ministry of Community and Rural Development. The Fund's Board is comprised of three members from Trust Council and up to three members appointed by the Minister of Community and Rural Development.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2010	2009
Programs	$ 443,480	$ 388,185
Board	17,355	13,038
Administration	126,506	110,320
	$ 587,341	$ 511,543

(ii) Third party trust funds:

The Trust administers trust activities on behalf of development applicants on a cost-recovery basis. The activities are as follows:

	2010	2009
Cash received during the year	$ 21,322	$ 20,937
Cash paid during the year	9,189	14,345

Included in accounts receivable are amounts receivable (payable) from development applicants of $(11,100) (2009 - $1,033).

Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2010

KPMG LLP
Chartered Accountants
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AUDITORS' REPORT TO THE TRUSTEES OF THE ISLANDS TRUST FUND BOARD, THE TRUSTEES OF THE ISLANDS TRUST COUNCIL AND THE MINISTER OF COMMUNITY AND RURAL DEVELOPMENT

We have audited the statement of financial position of The Islands Trust Fund as at March 31, 2010 and statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Trust Fund derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from donations was limited to the amounts recorded in the records of the Trust Fund and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 14, 2010

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THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2010 Total	2009 Total
Assets						
Current assets:						
Cash	$ 43,816	$ 61,899	$ -	$ -	$ 105,715	$ 95,109
Receivables	-	1,102	-	-	1,102	838
Short-term investments	-	8,367	-	123,000	131,367	117,351
Inventory of fundraising items	2,948	-	-	-	2,948	3,120
	46,764	71,368	-	123,000	241,132	216,418
Land (notes 2 and 4)	-	-	4,983,903	3,594,000	8,577,903	8,577,903
	$ 46,764	$ 71,368	$ 4,983,903	$ 3,717,000	$ 8,819,035	$ 8,794,321
Fund Balances						
Unrestricted	$ 46,764	$ -	$ -	$ -	$ 46,764	$ 36,745
Investment in land (note 2)	-	-	4,983,903	-	4,983,903	4,983,903
Internally restricted (note 3)	-	15,924	-	-	15,294	15,884
Externally restricted (note 3)	-	55,714	-	-	56,074	40,789
Restricted for endowment purposes (note 4)	-	-	-	3,717,000	3,717,000	3,717,000
	46,764	71,368	4,983,903	3,717,000	8,819,035	8,794,321
	$ 46,764	$ 71,368	$ 4,983,903	$ 3,717,000	$ 8,819,035	$ 8,794,321

See accompanying notes to financial statements.

Approved by the Trust Fund Board:

Board member

Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2010, with comparative figures for 2009

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2010 Total	2009 Total
Revenue:						
Donations in cash	$ 9,248	$ -	$ -	$ -	$ 9,248	$ 23,045
Grants in cash	-	3,703	-	-	3,703	2,700
Donations of land	-	-	-	-	-	1,177,000
Rental income	-	6,800	-	-	6,800	10,200
Investment income (loss)	97	14,499	-	-	14,596	(17,745)
Sale of fundraising items	870	-	-	-	870	1,043
	10,215	25,002	-	-	35,217	1,196,243
Expenses:						
Repairs and maintenance - Alton property	-	10,291	-	-	10,291	4,091
Cost of sales of fundraising items	172	-	-	-	172	360
Interest expense	24	16	-	-	40	77
Donations to conservancy groups	-	-	-	-	-	5,000
Other	-	-	-	-	-	225
	196	10,307	-	-	10,503	9,753
Excess of revenue over expenses	10,019	14,695	-	-	24,714	1,186,490
Fund balances, beginning of year	36,745	56,673	4,983,903	3,717,000	8,794,321	7,607,831
Fund balances, end of year (notes 2, 3 and 4)	$ 46,764	$ 71,368	$ 4,983,903	$ 3,717,000	$ 8,819,035	$ 8,794,321

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 24,714	$ 1,186,490
Items not involving cash:		
Donation of land	-	(1,177,000)
Changes in non-cash operating working capital:		
Receivables	(264)	3,506
Inventory of fundraising items	172	585
Accounts payable	-	(3,326)
	24,622	10,255
Investing activities:		
Purchase of short-term investments	(14,016)	(2,351)
Increase in cash	10,606	7,904
Cash, beginning of year	95,109	87,205
Cash, end of year	$ 105,715	$ 95,109

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2010

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is also incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community and Rural Development.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Restricted Fund reports the assets, liabilities, revenue and expenses related to internally and externally restricted assets.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Trust Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

(b) Financial instruments:

The Trust Fund has designated all non-derivative financial assets and liabilities as held for trading with the exception of certain obligations designated as other liabilities and loans and receivables. The Trust Fund initially records all non-derivative financial assets and liabilities at fair value. Cash and short-term investments are classified as held for trading and measured at fair value. The Trust Fund has not classified any assets or liabilities as available for sale. The Trust Fund does not currently hold any derivative financial instruments.

The Trust Fund complies with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, for the presentation and disclosure of financial instruments and non-financial derivatives.

1. Significant accounting policies (continued):

(c) Land:

Purchased land is recorded at cost. Contributed land is recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recorded as revenue in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recorded in the Restricted Fund. Interest income of internally restricted funds is recorded as revenue of the Restricted Fund. Other interest income is recorded as revenue of the Opportunity Fund when earned.

All other forms of income are recorded as revenue of the Opportunity Fund when received or receivable.

(e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain on sale of securities and net unrealized gains (losses).

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

(g) Revisions to Not-for-Profit accounting standards:

Effective April 1, 2009, the Fund adopted the amendments to CICA Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations* and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. The amendments remove the requirement to disclose net assets invested in capital assets, added requirements for disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The application of these amendments resulted in the addition of the statement of cash flows in the Trust Fund's financial statements.

2. Land:

	Acquisition date	2010	2009
Inner Island Nature Reserve, Denman Island	1992	$ 70,000	$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000
		$ 4,983,903	$ 4,983,903

3. Restricted Fund balances:

	2010	2009
Internally restricted:		
McFadden property	$ 15,294	$ 15,884
Externally restricted:		
Alton Nature Reserve - maintenance fund	27,001	12,109
Marilyn King Endowment - interest receivable	1,102	782
Lasqueti Acquisition Funds	27,971	27,898
	56,074	40,789
	$ 71,368	$ 56,673

4. Restricted for endowment purposes:

	Acquisition date	2010	2009
Short-term investments:			
Alton Nature Reserve - maintenance	2002	$ 88,000	$ 88,000
Marilyn King - covenant protection endowment	2009	35,000	35,000
		123,000	123,000
Land:			
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
Properties acquired under the Federal Government Ecological Gifts program:			
Mt. Trematon Nature Reserve, Lasquiti Island	2006	320,000	320,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000
		3,594,000	3,594,000
Total restricted for endowment purposes		$ 3,717,000	$ 3,717,000

Investment gain (loss) on endowment funds for the year of $18,407 (2009 - $(18,474)) has been recorded in the restricted fund.

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

The Mt. Trematon Nature Reserve property on Lasqueti Island and the David Otter Nature Reserve property on Bowen Island were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community and Rural Development.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2010	2009
Programs	$ 443,480	$ 388,185
Board	17,355	13,038
Administration	126,506	110,320
	$ 587,341	$ 512,543

6. Financial instruments:

The Trust Fund's financial instruments include cash, short-term investments, receivables and inventory. The fair value of these instruments approximates their carrying values. It is management's opinion that the Trust Fund is not exposed to significant interest, currency or credit risks arising from these financial instruments.

7. Capital management:

The Trust Fund receives its principal source of capital through funding received from donations, grants and bequests. The Trust Fund's annual expenses are funded by the Islands Trust. The Trust Fund defines capital to be fund balances.

The Trust Fund's objective to manage its capital is to preserve capital with the monitoring of funding, grants and expenses. The Trust Fund has complied with the external restrictions on the funding provided.

8. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Islands Trust

Islands Trust Fund

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